

1 day

Table with columns: America, Europe, Middle East, Africa, Asia, Oceania, and other regional news briefs.

FINANCIAL TIMES

BRAZIL Spreading the green gospel Page 20

World News Business Summary

Main Kiev post office collapses on crowd

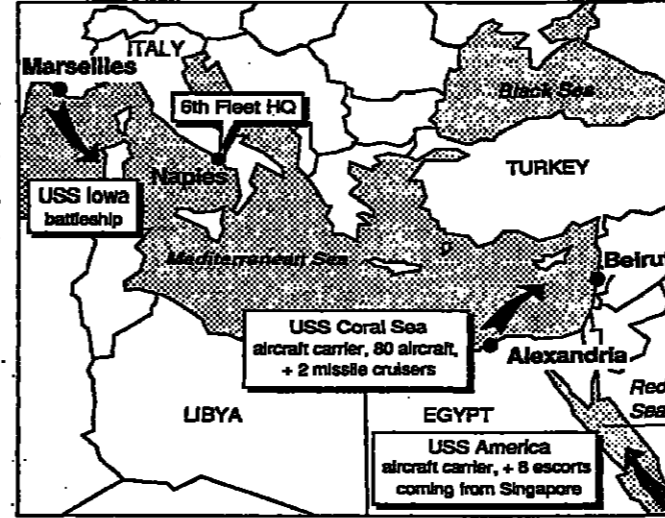
Part of the main post office in Kiev collapsed on a rush hour crowd killing an unspecified number of people.

Monopolies chief quits over Daimler, MBB merger

The Chairman of West Germany's Monopolies Commission, Prof Ulrich Immsaga, announced his resignation over disagreement with the proposed aerospace and defence merger between Daimler-Benz and Messerschmitt-Bölkow-Blohm (MBB).

Washington adopts twin-track policy in effort to defuse Middle East hostage crisis Sixth Fleet backs Bush diplomacy

By Peter Riddell in Washington, Hugh Carnegie in Jerusalem and Andrew Gowers in London THE US yesterday broadened its diplomatic efforts to prevent the killing of American hostages held in Lebanon...



the US takes military action: "There will be no limits whatsoever to our reprisal." On the diplomatic front, the US is involved in intensive discussions with all parties in the region...

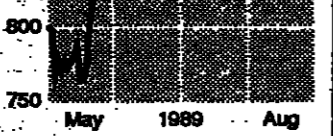
Amax buys Canadian mining company for C\$2.8bn

By David Owen in Toronto FALCONBRIDGE, the diversified Canadian mining company, agreed in a surprise move yesterday to be bought by Amax...

Senate troops vote

The US Senate voted to require US troop cuts in Europe if Nato allies cut their forces and to order a study of gradual US force reductions in South Korea.

Cocoa



Budapest pledge

The Hungarian Government has pledged an irreversible shift towards integration into the western European economic order.

Donbas meeting

Leaders of the Soviet miners' strike in the Donbas coal field have called a mass meeting for Sunday to decide whether to form their own independent trade union.

Suez widening plan

Egypt has commissioned a \$2m feasibility study into widening and deepening the Suez canal.

UNFAIR trading: US and Japan have finally found a way to talk about Washington's charge that Tokyo is an unfair trader without either side losing face, according to Japanese government officials.

\$1bn for Adriatic

The Italian parliament approved an emergency fund of nearly \$1bn to clean up the Adriatic Sea, where slimy algae washed up on holiday beaches has crippled tourism.

IRWIN Jacobs, Minneapolis corporate raider and takeover specialist, renewed his attempt to buy Avon Products, world's biggest marketer of cosmetics and toiletries.

Pollution law plan

A system of civil liability for those who cause environmental damage with various types of industrial waste was put forward by the EC.

COOPER Industries, acquisitive Houston industrial group, is merging with Cameron Iron Works in a \$600m deal as part of the consolidation of the US oil service industry.

SA hospital protest

Doctors ignored race laws and treated patients among thousands of blacks who descended on South African whites-only hospitals in the first shot of a campaign against next month's segregated elections.

HANOMAG, Hannover-based construction equipment group, has confirmed that Komatsu of Japan, world's second largest construction equipment company, has bought 24.9 per cent of its equity.

Socialist leader dies

Michael Harrington, the US socialist leader and honorary president of the Socialist International, has died after a long battle with cancer at the age of 60.

BARCLAYS, largest UK clearing bank, followed the Lloyds and National Westminster by declaring mid-year profits lower than last year after heavy provision against Third World debt.

Tourists flee fires

Hundreds of frightened tourists and villagers around Marseille escaped France's worst forest fires in 30 years by clambering aboard fishing boats as flames swept the southeast coast.

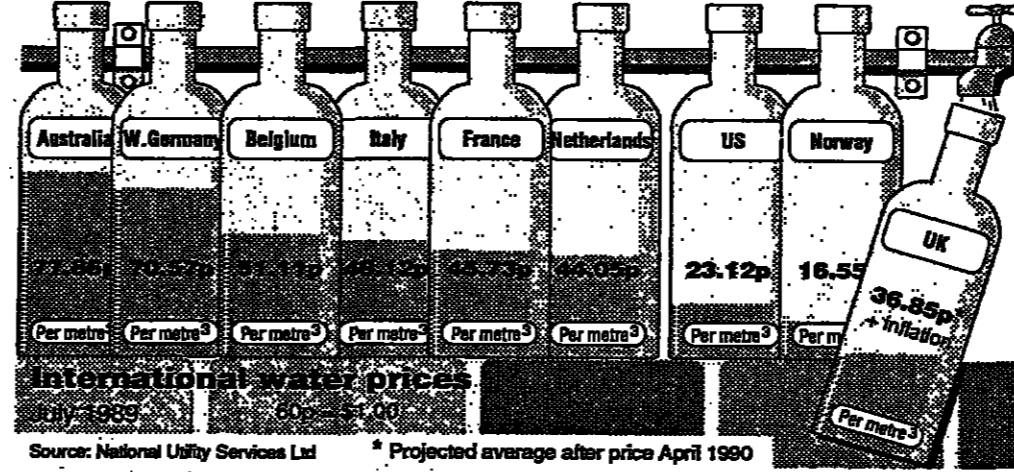
WORLD International, top holding company of the Hong Kong property, transport and hotels empire controlled by Sir Y.K. Pao, increased its consolidated profits by 22.7 per cent to HK\$908.3m.

Bus load of trouble

Camerounian pop star Obama Esomua Juliet de Fen is being sued for divorce by 15 of his 45 wives because he refuses to buy them a car - he says they would not fit in and is saving for a minibus.

'Dowry' for UK water companies

By Richard Evans and Andrew Hill in London A "GREEN DOWRY" of more than \$1bn (\$1.65bn) is to be injected into the water authorities in England and Wales to help pay for environmental improvements, and virtually all the industry's debts written off before privatisation.



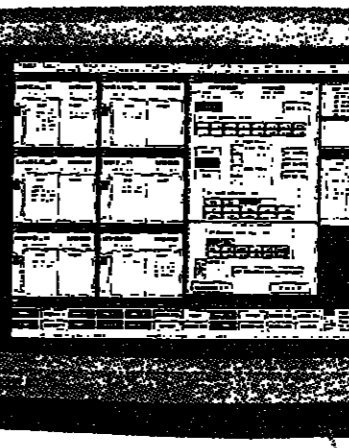
Siemens and GEC close in on Plessey

By Hugo Dixon in London GENERAL ELECTRIC Company of the UK and Siemens of West Germany yesterday cleared the final regulatory hurdle in their nine-month campaign to acquire Plessey, their smaller British electronics rival.

Kaifu emerges as front-runner to replace disgraced Uno

By Stefan Wagstyl in Tokyo A FORMER Japanese cabinet minister yesterday emerged as the front-runner within the ruling Liberal Democratic Party to replace the disgraced Prime Minister Mr Sosuke Uno.

NORDEX On 18 August a revolutionary new Nordic share trading system arrives.



18 August sees the advent of Nordex, the first electronic market place for professional investors trading in shares in the four Nordic countries - Denmark, Finland, Norway and Sweden.

Productivity The need for verbal or written confirmation or post deal matching of trades is eliminated.

Efficiency Mis-matched trades will be virtually eliminated as the trade confirmation details will be driven by the same system that matches and executes the trades.

Speed Nordex cuts across the barriers of the traditional telephone market, making it possible to complete deals in fractions of a second.

A TRANSVIK MARKET SYSTEM For further information please contact: Clive Archer, Transvik Limited, Windsor Plaza, 72 Hammersmith Road, London W14 8YP. Telephone: 01-603 4544. Fax: 01-603 6742.

MARKETS section containing tables for Sterling, Dollar, and Stock Indices.

CONTENTS section listing various articles and their page numbers.

TRANSVIK MARKET SYSTEM advertisement with logo and contact information.



WORLD TRADE NEWS

TOKYO FINDS WAY TO SAVE FACE OVER US CHARGE OF UNFAIR TRADING

Japan agrees to Super 301 talks

By Our Foreign Staff

THE US and Japan have finally found a way to talk about Washington's charge that Tokyo is an unfair trader without either side losing face, according to Japanese government officials.

They said the two countries would discuss the US allegations at a regular meeting of their bilateral trade committee, scheduled for September. "We can use this meeting to clarify what the United States is saying without actually negotiating with them," a Japanese trade official said.

Washington triggered off a wave of protest from Tokyo when it charged Japan at the end of May with unfair trading

practices in supercomputers, wood products and satellites.

Under the Super 301 clause of the omnibus US trade bill, Japan has 12 to 18 months to agree to change its ways or face retaliation from America.

Tokyo vowed not to negotiate with Washington under the threat of retaliation and instead proposed the talks be held under the auspices of the General Agreement on Tariffs and Trade, the multilateral body that polices world trade.

But Japanese officials said the US flatly rejected the Gatt option, leaving the two countries without a forum to discuss the issues.

The solution is to use the

already-established trade committee, which brings together senior officials from both sides every six months to discuss bilateral issues.

Japan and the US are also expected to hold their first talks in September under the Structural Impediments Initiative (SII) which both sides agreed to in Paris last month just before the annual economic summit.

The initiative is designed to tackle the root causes of the trade imbalance between the two countries and is expected to address such issues as Japan's complex distribution system, which Washington says hinders imports.

Japan agreed to the

initiative reluctantly, arguing that such fundamental issues as land policy and distribution cannot be decided in bilateral negotiations.

Japanese officials warned that the ruling Liberal Democratic Party's loss of power in parliament's upper house last month made it even less likely that much could be accomplished in the SII talks.

Japanese officials said the LDP would be in no mood to give in to US demands in sensitive areas following its big election defeat.

"I'm not very optimistic we can achieve much," said a government economist involved in drawing up Japan's position for the talks.

Egypt to investigate deepening Suez Canal

By Tony Walker in Cairo

EGYPT has commissioned a \$2m feasibility study into widening and deepening the Suez canal to enable it to take fully-laden supertankers, in expectation of a resurgence in the oil market in the 1990s.

The Kuwait-based Arab Fund for Economic and Social Development is funding the 18-month study by the Dutch Nedeco consortium in whether to expand the waterway to accommodate tankers of up to 270,000 dwt. At present, canal is restricted to vessels of up to 150,000 dwt. A dredging programme now in progress will allow it to take tankers of up to 180,000 tonnes.

Nedeco has been asked whether it is feasible to deepen the draught to 67ft. The SCA's decision to call for a fresh study indicates a cautious approach to the long-proposed expansion of the canal. Executives want to be sure that the substantial capital outlay will be justified by increased traffic, and that project costs can be contained.

Another breed of Soviet agent thrives in Vienna

Judy Dempsey reports on the firm that cracked the secret of trading successfully with Moscow

A SMALL Viennese family-run company is reaping the benefits from the changes taking place in the Soviet Union. This is not just because the reforms are opening up considerable opportunities for Western businessmen, but because the company knows how the system works.

M F D Gertner, whose main headquarters are located in the centre of Vienna, first started doing business with the Soviet Union in 1968.

Initially, it had been involved in importing and exporting machine tools - items which were vital for repairing and rebuilding Austria's post-war industrial base.

"There was really no strategy involved at that time," says Mr Alexander Gertner, the 33-year-old son who now plays an important role in running the business. "It was all about survival, with everybody trying to make some money."

But a strategy quickly evolved after 1956, when American, British, French and Soviet troops pulled out of Austria.

This is not because they cut corners. The Gertners do not deal in counter-trade. They are paid in hard currency and all their contracts have been met on schedule.

One important reason for the relatively smooth operation is that the family have the languages.

Marian, the father, and Danek, the uncle, both speak Russian, Polish and Hungarian while Alexander has fluent

high. They have a sophisticated system. Without this basis, perestroika could not have gone as far as it has," he says.

But what is even more interesting is that the Gertner firm does not seem to have encountered the difficulties which some of their US counterparts face when doing business with the Soviet Union.

This is not because they cut corners. The Gertners do not deal in counter-trade. They are paid in hard currency and all their contracts have been met on schedule.

One important reason for the relatively smooth operation is that the family have the languages.

Marian, the father, and Danek, the uncle, both speak Russian, Polish and Hungarian while Alexander has fluent

India looks to long-term export growth

By David Housego in New Delhi

EXPORTS seem set to play an increasingly significant role in Indian economic growth.

Figures released yesterday show that during the first quarter of the current financial year, exports grew in rupee terms by 39.5 per cent to Rs60.4bn (US\$2.2bn) and in dollar terms by 16.9 per cent. This rise follows increases in rupee terms of 29 per cent last year and 26.4 per cent in 1987-88.

A further sign of the sharply rising trend is that the Government has approved so far this year proposed investments of Rs30bn in new, 100 per cent export-oriented ventures. The total for 1988 was only Rs18bn and in 1987 Rs8bn. The increase reflects a changing perception amongst Indian companies which are increasingly looking to exports as an integral part of their turnover, rather than as an additional bonus to domestic sales.

Though manufacturing goods have easily overtaken commodities as the main source of exports, the greatest concentration of exports comes from a few sectors like garments and gems.

According to other figures issued yesterday, the trade deficit for the April-June quarter declined by 16.6 per cent to Rs17.3bn.

India bucks trend by seeking better trade links with China

By K K Sharma in New Delhi

WHILE most countries are shunning China, Sino-Indian relations have improved markedly for the first time since the border war of 1962 with a big effort by both countries to increase their economic contacts.

A trade delegation led by Mr Zheng Tuobin, China's Minister for Foreign Trade and Economic Relations, is to visit New Delhi next month for talks with Mr Dinesh Singh, Minister of Commerce, the first high-level Sino-Indian meeting on trade and related issues in three decades.

The meeting will review all aspects of Sino-Indian economic links, which at present are minimal. According to Chinese diplomats in New Delhi, the ministers will consider ways in which India can fill the gap in China's trade created by Western sanctions.

Last year, trade between the world's two most populous nations was about \$160m, mostly in silk and mineral exports from China. This is now expected to increase significantly.

Chinese diplomats do not expect India to meet China's needs to any significant extent in defence equipment and high



Rajiv Gandhi: landmark visit to China

policies on foreign investment in the hope that India takes advantage of them.

The meeting follows the visit of Mr Rajiv Gandhi, India's Prime Minister, to China earlier this year, an event that both countries consider a landmark in their relations. A working group on the contentious border issue was then formed and it held its first meeting in Peking at the end of June in an atmosphere that both countries have noted with satisfaction.

India is among the few countries which failed to condemn the recent Chinese action against student demonstrators despite pressure from some political parties which particularly wanted the Government to take advantage of the situation to raise the Tibet issue.

In fact, the Indian Government has gone out of its way to improve relations with China by not only holding the meeting of the working group on the border but also participating in a trade fair that opened in Peking recently. China is now reciprocating avidly by trying to normalise Sino-Indian relations as fast as possible.

Pirates suppressed

PIRATED copies of US computer software have vanished with the introduction of Indonesia's copyright protection agreement with the US, writes John Murray Brown in Jakarta.

The accord, signed in March in Washington, covers books, sound recordings, films and computer software. Though not popular in Jakarta it is seen as an important step as Indonesia seeks to win foreign investment and to computerise banking and other key services.

Copyright abuse costs US industry \$80m a year in Indonesia. Before this week, a well known software programme worth \$500m was selling in Jakarta for as little as \$10m.

Swedes win orders

Ericsson Radar Electronics and Bofors Electronics will receive subcontracts worth SKr 1.5bn (US\$140m) from the West German Amecor consortium, which is expected to win an Australian frigate order, AP-DJ reports from Stockholm.

It's about patience and the concept of time. You cannot expect to arrive in Moscow one day, sign contracts the next, and fly home

Russian, as well as a degree in mechanical engineering and a stint at a US business school to his credit.

On a deeper level, the Austrians seem to identify with the Soviet mentality.

"It is about understanding the concept of time, it is also about patience and about waiting," says Alexander.

"You just cannot expect to arrive in Moscow one day, sign the contract the next and fly home. That is a misconception common to some of the Americans and perhaps some of the West Germans. Here in Austria, we have a more relaxed attitude towards time," he adds.

Maybe so. But this has not deterred the company from going out into the field and ordering what they want for their clients.

Before the advent to power

More rubles are of little use because there is little to buy with them. Understandably, the enterprises want to earn hard currency.

He admits, however, that he has not noticed the changes as much as those firms which only started doing business with the Soviet Union during the past five years.

"I suppose, because we were there for such a long time, we always had a good relationship with the factories themselves."

Inevitably, the Gertners are thinking about the future. But they rule out doing trade with the rest of the East bloc.

"We have limited resources. Besides, we do not want to spread ourselves too wide," says the son.

\$1,153,278,600,000

(and more) makes Chase #1 in information and transactional services.

Over a trillion dollars.

That's the amount of money our clients entrust to our information and transactional services division on an average day.

\$834,029,200,000 in trust and securities services alone.

\$316,578,300,000 in daily payments. \$2,671,100,000 in trade transactions.

Obviously, this volume of transactions represents a very significant part of our business.

Which is why we're now giving this division of Chase a title worthy of its importance: Chase InfoServ International.

The fact is, Chase InfoServ International is already a leader in virtually every type of information and transactional service to corporations and institutions around the world.

But we know it takes more than big numbers to be #1. It takes consistently reliable service. It takes fast, accurate reporting. It takes state-of-the-art technology. Admittedly, big numbers are an effective way to show the size of the Chase InfoServ commitment.

But we know that leadership depends on a genuine and ongoing interest in your problems and needs every day we do business with you.

Chase InfoServ International: Cash Management / Payments / Collections / Trade Services / Global Electronic Banking / Master Trust / Global Custody / Public Pensions / Corporate Trust / Stock Transfer / Municipal Agent



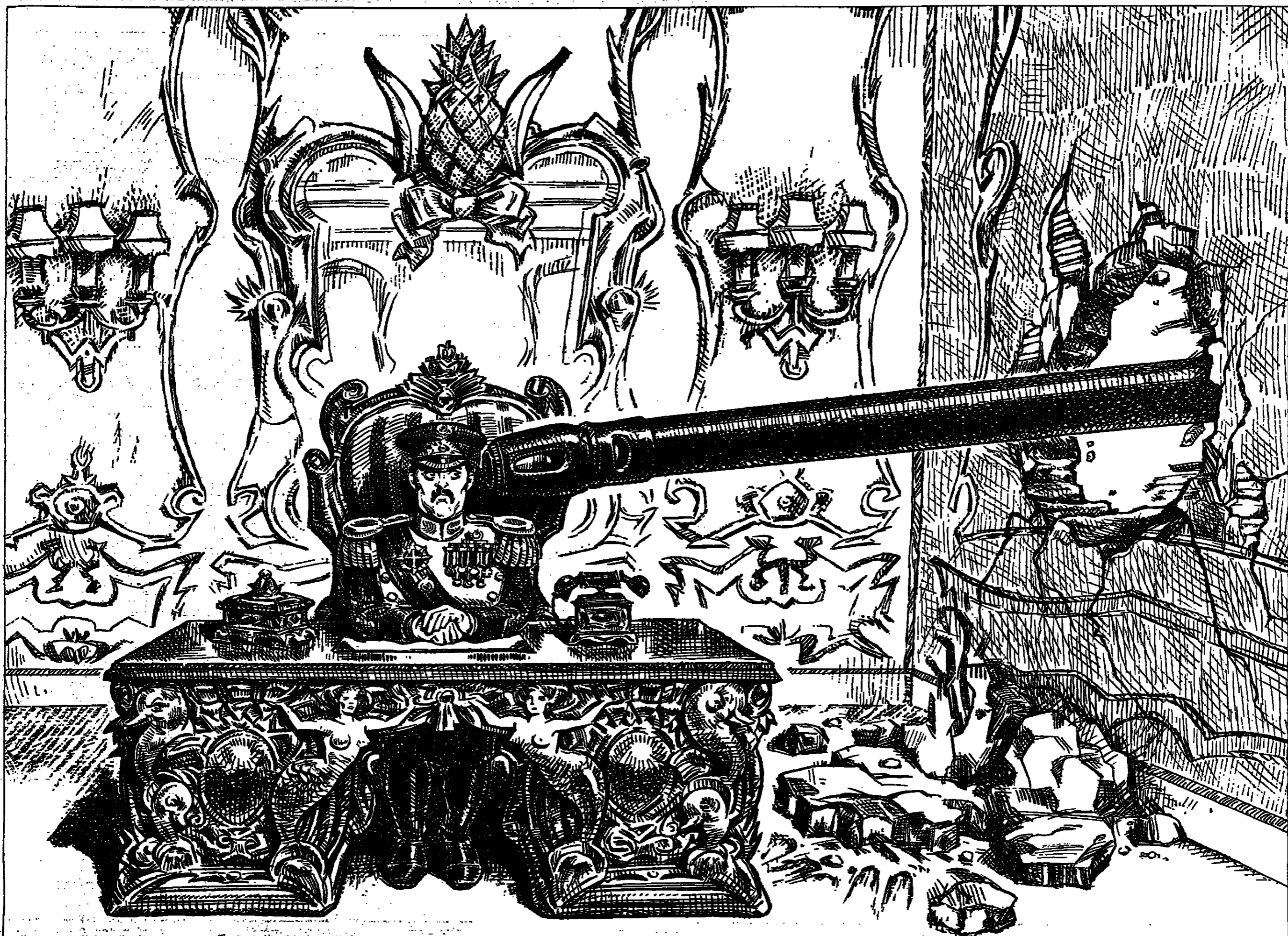
Issued by The Chase Manhattan Bank, N.A., a member of the TSI



rone  
battle

reach

afat fac  
ack fro  
itants



*When a revolution comes, who's going to protect your overseas investments?*

An investment climate, as the term suggests, is rather like the weather - changeable, unpredictable and far beyond our control.

And although most political storms don't lead to revolution, the effects on your business can be no less catastrophic.

Don't panic.

ECGD has the necessary experience and understanding of volatile markets. We can tailor a policy to your exact requirements and protect you from war, expropriation and restriction on remittances.

We'll even go so far as to write a 15 year policy, the terms of which we cannot change once it has been issued.

So if you'd like to know more about how we can help you develop your export business, please call us on 01-382 7749.

Don't wait to hear the rattle and roar of approaching tanks - take cover now.

**ECGD**

AMERICAN NEWS

US airline jet crash lands in N Carolina

A US passenger jet carrying 107 people crash landed at Greensboro, North Carolina, with its left wing and engine scraping the runway yesterday after its landing gear jammed, officials said.

Karajan inquiry

Austrian conductor Herbert von Karajan was under investigation by the US Justice Department over his alleged involvement in Nazi persecution, but the case against him was dropped when he died last month, a government lawyer said yesterday, AP reports.

Demjanjuk evidence

The US Justice Department withheld and threw away significant evidence in the case of John Demjanjuk, the retired US autoworker convicted in Israel of being notorious Nazi war criminal Ivan the Terrible, a US congressman said yesterday, Reuter reports.

Trident launched

The crew of the nuclear submarine Tennessee, thwarted last week by anti-nuclear protesters, launched a Trident 2 missile yesterday in the first successful underwater test of the Navy's newest, deadliest weapon, AP reports.

Mexican address

Pope John Paul II will address Mexico's foreign debt, drug trafficking and migration problems during his planned visit here next May, a Mexican Church spokesman said.

Senate seeks troops cut in Europe

THE US Senate yesterday voted to cut the number of US troops in Europe if Nato allies cut their forces and to order a study of gradual US force reductions in South Korea, Reuter reports from Washington.

A package of amendments approved by voice vote would also require President George Bush to negotiate payments from Japan to offset the full cost of US forces aiding its defence.

Chile junta members will talk to opposition

By Barbara Durr in Santiago

TWO OF Chile's military junta members have said they are willing to begin direct talks with the opposition.

Global legacy from a martyr of the Amazonian forests

By Andrew Marshall

IN DEATH, Chico Mendes, leader of the rubber tappers' union in Brazilian Amazonia, became a symbol for environmentalists of the fight against the destruction of the Amazon's forests.

US factory orders rise to quell fear of recession

US FACTORY orders rose by 0.4 per cent in June, after falling by 2.6 per cent in May, while unfilled orders continued their three-year-old rise.

The main depressing factor in the transport sector is the motor industry struggling to reduce swollen stocks of 1989 models, especially of the motor industry.

US factory orders rise to quell fear of recession

US FACTORY orders rose by 0.4 per cent in June, after falling by 2.6 per cent in May, while unfilled orders continued their three-year-old rise.

US unveils \$19.5bn plan to improve weapon plants

THE US Energy Department has unveiled a \$19.5bn five-year programme to correct environmental and health problems at the nation's atomic weapons plants, AP reports from Washington.

Congress plans legislation on LBO disclosures

By Peter Riddell, US Editor in Washington

LEGISLATION to increase disclosure in leveraged buyout (LBO) takeovers and to tighten rules on proxy voting in companies in the US is being prepared in Congress.

Congress plans legislation on LBO disclosures

LEGISLATION to increase disclosure in leveraged buyout (LBO) takeovers and to tighten rules on proxy voting in companies in the US is being prepared in Congress.

FBI probe ends party for futures traders

By Deborah Hargreaves in Chicago

THE party was over yesterday for many of Chicago's flamboyant futures traders as about 40 of them faced indictments for allegations that included mail fraud, tax evasion and racketeering.

US unveils \$19.5bn plan to improve weapon plants

THE US Energy Department has unveiled a \$19.5bn five-year programme to correct environmental and health problems at the nation's atomic weapons plants, AP reports from Washington.

Crisis helps Menem on Falklands

By Gary Mead in Buenos Aires and Andrew Marshall in London

THERE are many ironies in the current flurry of activity between Argentina and Britain - not the least is the fact that internal economic collapse is the main determining factor in Argentina's policy on the disputed Falkland Islands, the source of conflict between the two countries.

UK trade with Argentina

By Peter Montagnon, World Trade Editor

BILATERAL trade between Argentina and Britain is expected to increase very slowly in the current year, despite the depressed levels of the Argentine economy.

UK trade with Argentina

By Peter Montagnon, World Trade Editor

BILATERAL trade between Argentina and Britain is expected to increase very slowly in the current year, despite the depressed levels of the Argentine economy.



Asia begins in Amsterdam with China Airlines.

Now your Asian experience can begin in Amsterdam the moment you board China Airlines. Indulge in the luxury of Dynasty Business Class.

Now your Asian experience can begin in Amsterdam the moment you board China Airlines. Indulge in the luxury of Dynasty Business Class.

CHINA AIRLINES

Amsterdam (020)851-555 (5 Lines) Frankfurt (069)715-021 (6 Lines) London (01)434-0707 (4 Lines)

Crisis helps Menem on Falklands

By Gary Mead in Buenos Aires and Andrew Marshall in London

THERE are many ironies in the current flurry of activity between Argentina and Britain - not the least is the fact that internal economic collapse is the main determining factor in Argentina's policy on the disputed Falkland Islands, the source of conflict between the two countries.

Relations was desirable and possible. There are still differences: Mr Cavallo has said the formal state of hostilities can be dropped if Britain lifts a 150-mile exclusion zone around the islands.

Relations was desirable and possible. There are still differences: Mr Cavallo has said the formal state of hostilities can be dropped if Britain lifts a 150-mile exclusion zone around the islands.

Relations was desirable and possible. There are still differences: Mr Cavallo has said the formal state of hostilities can be dropped if Britain lifts a 150-mile exclusion zone around the islands.

UK-Argentine trade likely to grow slowly

By Peter Montagnon, World Trade Editor

BILATERAL trade between Argentina and Britain is expected to increase very slowly in the current year, despite the depressed levels of the Argentine economy.

Both the Foreign Office and BA were publicly non-committal about the prospects of progress in this area yesterday.

Commenting on yesterday's announcement, BA said it should be helpful in the long-term. "It is well-known that we would like to resume air services."

Commenting on yesterday's announcement, BA said it should be helpful in the long-term. "It is well-known that we would like to resume air services."

UK trade with Argentina

By Peter Montagnon, World Trade Editor



Group, said the lifting of sanctions could create new opportunities for exporters in such sectors as instrumentation, chemicals, industrial plant and health care.

Group, said the lifting of sanctions could create new opportunities for exporters in such sectors as instrumentation, chemicals, industrial plant and health care.

Whilst an individual can achieve much on his own, real success comes when that individual is put together with others of like mind.

Successful teamwork is about harmonising specialist skills - individual talents working together towards a common goal.

And that's how it will be when you work with your local Electricity business. Together we can investigate production needs and help you select the right solutions. Solutions drawn from electricity's unique range of energy-efficient techniques which enable individual product and

**Successful teams have always produced high fliers.**

process needs to be closely matched.

**ENERGY COSTS SLASHED**

Air knife drying is a perfect example. Using a high velocity, low pressure blade of air, surface water is swept away. A highly efficient yet low cost process which has saved users as much as 80% on their drying energy costs.



Concentrated power dedicated to a single end. The rugby pack harmonises individual effort to achieve team success.

**FULL STEAM AHEAD**

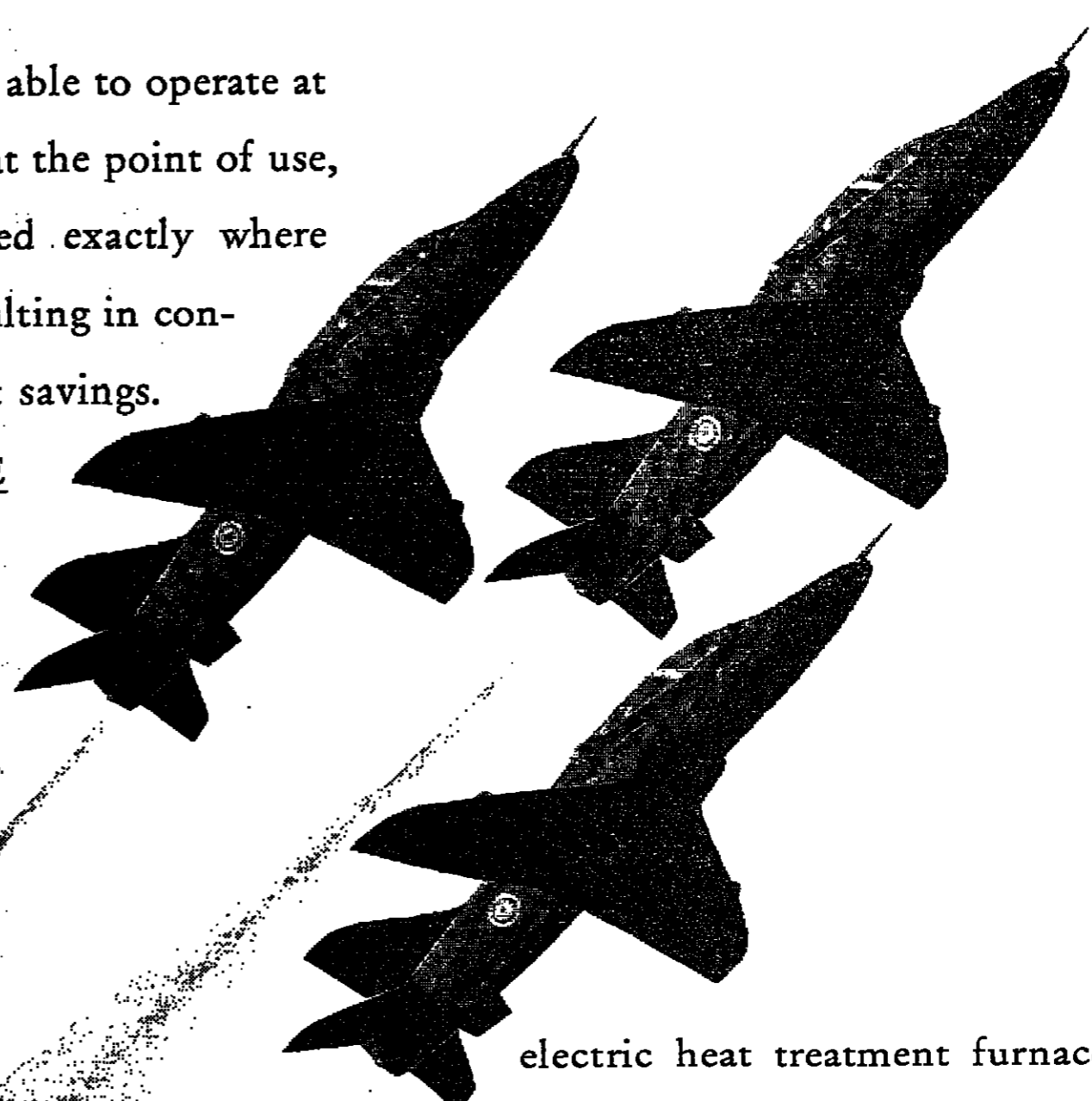
Companies installing electric boilers have also been feeling the benefit.

Clean, quiet and able to operate at over 90% efficiency at the point of use, they can be installed exactly where steam is needed, resulting in considerable energy cost savings.

**4 MINUTE CURE**

Likewise, electric infra-red curing is helping to save time and money in a number of industries.

Vehicle body rectification for example, where an entire panel of car paintwork can be cured in just four minutes, compared with twenty minutes using the conventional low bake oven.



electric heat treatment furnaces ensures the highest level of quality so vital to their products.

By offering such a wide range of cost-effective techniques, electricity has proved itself to be a valued member of the production team in almost every sector of British industry. It could prove a winner for your process too.

If you would like to find out how,

**PUMPING PROFITS**

In the ceramics industry, drying products using electric heat pump dehumidifiers has made dramatic savings in time, halved energy costs and doubled production.

Working together with us could improve your business by leaps and bounds.

**RED HOT**

While aero-space manufacturers and suppliers have found that the more accurate temperature control offered by

contact the Industrial Energy Marketing Manager at your local Electricity business, or post the coupon with your business card or letterhead and we'll send you our VHS video - 'Electricity, Practical Help for Industry'.

To Electricity Publications, PO Box 2, Feltham, Middlesex TW14 0TG.

Please send me your VHS video  Please arrange for an Industrial cassette 'Electricity-Practical Help for Industry' Sales Engineer to contact me.

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Post Code \_\_\_\_\_ Tel. \_\_\_\_\_

**PLANELECTRIC**  
LET'S WORK TOGETHER











ACCOUNTANCY COLUMN

# Gloves will soon come off in goodwill battle

By David Waller

THE Accounting Standards Committee is bracing itself for a final bout of controversy before it sinks into oblivion and is replaced by the Financial Reporting Council.

The issue this time is goodwill accounting - a problem almost as intractable as inflation accounting and one just as likely to drive a wedge between the standards-setting body and the business community.

The ASC has not formally nailed its colours to the mast on this vexed issue but it is clear nevertheless that the committee is minded - to use that non-committal word so beloved of civil servants - to recommend that goodwill be capitalised on the balance sheet and written off against the profit and loss account.

The precise details of how the working party, looking at the outdated SSAP22, has endorsed the capitalisation/amortisation approach and recommended this to the ASC as a whole.

The ASC found itself in sympathy with the working party and told it to go away and prepare an exposure draft along these lines - and this is scheduled to appear in the autumn.

Inextricably linked to the goodwill issue in the minds of most finance directors, if not those who revel in the intricacies of accounting philosophy, is the issue of brands. A separate working party has been considering what to do with this curious type of intangible asset. It appears to be somewhat bogged down and an exposure draft on brands is unlikely to appear at the same time as the one on goodwill.

The main principles of the paper presented to the ASC on the subject of goodwill are that goodwill arising on acquisition should be recognised as an asset and recorded on the balance sheet; that internally generated goodwill should not be recognised or recorded on the balance sheet and; goodwill in the balance sheet should be amortised through the profit and loss account "on a systematic basis".

This means that goodwill should be written off over a maximum of 40 years but that the directors of the company must provide information to justify using a write-off period of more than 20 years.

Moreover, the working party recommends that both the goodwill itself and the period over which it is to be written off must be regularly reviewed

"to determine whether the carrying value and the amortisation period remain appropriate."

Quite reasonably, the working party thinks it unreasonable to require reinstatement of goodwill that has been written off in the past.

The theoretical arguments are buttressed by developments in the international mergers and acquisitions arena. Current favoured practice is deemed to have been invalidated by the wave of mega-bids in which tangible assets have constituted a relatively small part of the purchase consideration. The obsession with brands, triggered off by Nestlé's £3.3bn bid for Rowntree last summer, has led to many such deals.

The resulting goodwill write-offs have led to the absurd situation whereby the enlarged company is left with vastly diminished reserves and one company - WFP - actually ended up, briefly, with negative shareholders' funds. Its purchase of J Walter Thompson made it the second highest advertising agency in the world, but the balance sheet was clearly ill-equipped to reflect economic reality.

The fashion for brand valuation was very much the corollary of depleted balance sheets.

Underlying all this is a strong desire on the part of the ASC to come into line with the

rest of the world. The UK is almost alone in allowing the write-off against reserves - standard practice in the US is a write-off against the p&l over 40 years while in continental Europe the write-off period ranges from 10 to 20 years.

The International Accounting Standards Committee recommends a maximum write-off period of 20 years. Finance directors are grumbling. In part, there is a procedural reason for their disquiet: they have to wait until an exposure draft is published before the ASC formally seeks their views. They know pretty well what the ASC is going to recommend and do not like it, but they cannot complain about it until the ED has been published - at which point they will be morally obliged to comply with the ASC's recommendations in any case.

More importantly, finance directors in the consumer goods sector believe that the ASC's likely recommendations are theoretically nonsensical and deprive their companies of a key commercial advantage - insofar as they are currently able to buy brand companies without worrying about the stock-market implications of writing the goodwill off against earnings per share.

Here is just a selection of the hostile views:

● Mr David Nash, finance director of Cadbury Schweppes: "The [likely] recommendation is rubbish. For a start it is logically absurd to put only acquired brands in the balance sheet and not ones you've developed yourself. It is also logically absurd to write them off once you've got them into the balance sheet. Any company which has brands as a major asset will

**The UK is almost alone in allowing the write-off against reserves**

want to grow them, not to write them off."

● Mr Iain Dobbie, finance director at Reckitt & Colman: "It is entirely illogical. A company pays out good money for a trade mark and the idea of depreciating that asset does not represent the economic facts of life. The idea is that the value of that goodwill will appreciate, not erode."

● Mr Jim Elyth, finance director of United Biscuits: "The present system should remain as it is. If a brand is still producing as much profit as when you bought it, why write it off?"

● Mr Kevin O'Sullivan,

finance director of Hillsdown Holdings: "What the ASC seems to be suggesting is no more than a mechanical exercise: they seem to be proposing a rigid framework into which reality will end up being forced."

● Mr Martin Moorehouse, group chief accountant at Banks Hovind McDougall: "We will try very hard to stop them putting this out as a standard. The [likely] proposals take the reality away from accounting: arriving at the appropriate write-off period is a wholly subjective business. Goodwill should be growing: any write-off is a false charge on profits."

These comments show the extent to which the goodwill and brand issue are yoked together in the minds of financial managers. On the brands issue, the ASC working party has gone so far as to acknowledge that brands are special - but is encountering formidable theoretical difficulties on the difference between the value of a brand *qua* trademark and the value of a brand as an inextricable part of a business comprising factory, distribution, network and so on.

Yes, finance directors are upset. The phoney war has begun but the gloves will only come off once the exposure draft is published later this year.

## UK GAAP

Setting the standard for financial reporting



"The book I always wanted... it succeeds in providing a comprehensive review of all aspects of financial reporting practice"  
Accountancy

PREPARED by members of the Technical Department of Arthur Young, UK GAAP - Generally Accepted Accounting Practice in the United Kingdom is a major new book that provides a unique analysis and discussion of external financial reporting requirements and current reporting practice in the UK.

- Comprehensive Coverage**
- detailed practical analysis and interpretation of the requirements of each SSAP
  - discussion of related Companies Act and Stock Exchange requirements
  - extracts from published Annual Reports to illustrate current reporting practice
  - a comparison with FASB and IASC requirements
  - discussion of practical problems, with recommended practice where there are no laid down rules

"I warmly welcome the publication of this book. I expect it to become a standard work of reference for accountants, and people interested in accounting, in all kinds of occupations - people in practice, in industry, in government, researchers, students and their teachers"

Professor Sir Bryan Carsberg in his foreword  
This title is available from your local bookseller.  
Published end July 1989 and priced £24.50.  
Or contact Longman Law Tax and Finance 21-27 Lamb's Conduit St, London WC1N 3LJ or Dial FREE on 0800 289 618 and quote FT789.

ACCOUNTANCY APPOINTMENTS

### Group Financial Controller

**West End**  
**c£35,000 + Car + Share Options**

Our client is an acquisitive, medium sized UK Plc involved in the communications, video and photographic sectors. The Group's strategic direction has been effective in producing strong growth.

As a direct consequence of this success the Group seeks to make this new appointment with responsibility for all the company's financial affairs and managing a small professional team. There will be close involvement with main Board Directors and divisional management.

Candidates will be qualified chartered accountants, aged 28-35, with good technical skills, high level of commitment and familiarity with personal computers. Exposure to acquisitions is desirable and proven success in this appointment should lead to a line appointment within the Group.

Please telephone or write enclosing full curriculum vitae quoting ref: 396 to: Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE. Tel: 01-839 4572

**Cartwright Hopkins**  
FINANCIAL SELECTION AND SEARCH

APPOINTMENTS ADVERTISING

Appears every Monday Wednesday and Thursday

For further information call 01-873 3000

Candida Raymond ext 3351

Deirdre McCarthy ext 4177

Elizabeth Rowan ext 3456

Paul Maraviglia ext 4676

Patrick Williams ext 3694

## The last person that did this job was so good, they only lasted four months.

**Manager - Internal Control to £50,000 plus substantial bonus.**

One of the world's fastest growing and most successful international broking firms is looking for a highly talented young accountant to take over the internal control function for a short period. (If you're still in the job after 12 months, you're not the high flier they're after).

This is not simply an internal audit job. And if you do it well, it will be the perfect stepping stone to a more senior role in the company. You'll have little supervision and the flexibility to create your own job. (In fact, they'd be disappointed if you didn't).

Your broad areas of responsibility will include: providing an internal control perspective on business worldwide; tackling ad hoc projects in London, New York and throughout the Far East and Australia.

As a qualified accountant or MBA with a couple of years' post qualifying experience, you are looking for a position which will allow you to influence the direction of the company and shape your own future.

You look forward to working in an environment with no structured hierarchy and where strength of character and the accessibility of key individuals is the cornerstone of the business.

If you feel you have the drive necessary for this challenging project, and you relish the opportunity to work towards a significant performance related bonus, and to rapidly rise to a line management role, telephone Alannah Hunt on 01-334 5194 for an informal discussion or write to her quoting reference MCS/6135, including full career details at: **Executive Selection Division Price Waterhouse Management Consultants No. 1 London Bridge London SE1 9QL**

**Price Waterhouse**

### FINANCE DIRECTOR

**BRISTOL** **c£35,000 + Car + Share Options**

Our client is a small dynamic group of service based and property development companies with realistic prospects of achieving PLC status within the next twelve months.

Working closely with an entrepreneurial Managing Director this key Board appointee will be responsible for the following:

- Providing overall financial control and direction for a rapidly expanding and diverse multi-site organisation.
- Raising corporate finance for a PLC and advising on individual funding of property deals.
- Acquisition identification, investigation and implementation.

This challenging position will require a highly commercial and ambitious qualified accountant (probably aged between 30 and 40) who is seeking a high profile role where their fair and ability will be tested to the full.

Candidates must be able to think on their feet and demonstrate the ability to operate in 'The City' at the same time as providing 'hands on' financial management in a fast moving sales orientated environment. Experience of franchise operations and the ability to set them up would be an advantage.

In return for a high degree of commitment the company offer an extremely attractive remuneration package together with the prospect of equity participation in a business displaying tremendous potential.

In the first instance please telephone Alyn Pearce LLB ACA (Regional Director) on (0223) 225512 quoting ref: 89C/132 or write to him at Daniels Bates Partnership Ltd., Caerwyn House, 1 Windsor Lane, Cardiff CF1 5DE.

**Daniels Bates Partnership**  
PROFESSIONAL RECRUITMENT

Leeds (0532) 461877  
Sheffield (0742) 754015  
Manchester (061) 835 3311  
Nottingham (0602) 483321  
Middlebrough (0642) 248111  
Darlington (0325) 485992  
Aylesbury (0496) 393000  
Hull (0482) 76382

## CORPORATE TAX SPECIALISTS

**TO £40,000 + CAR - LONDON**

Following continued expansion, we have a number of Tax Planning vacancies, none of which requires Oil Tax experience.

To be considered, you will be aged 24-30 and a graduate qualified accountant - having passed your accounting examinations at the first attempt - with at least 18 months' experience of Corporate Tax work.

Alternatively, you may be a graduate, fully trained Inspector of Taxes, aged 24-32.

The career prospects are excellent, both within the Tax Department and the BP Group as a whole. In particular, you may have the opportunity of 2-3 year secondments in Glasgow, USA, Singapore, Tokyo and The Netherlands.

The benefits package includes a discretionary bonus scheme, non-contributory pension, subsidised luncheon club, an interest free season ticket loan, employee share schemes and a wide range of social/sporting facilities. The more senior positions also carry a company car.

If you would like to progress your career significantly, please write or telephone for an application form to David Lear, Personnel Officer, The British Petroleum Company plc, Britannic House, Moor Lane, London EC2Y 9BU. Tel: 01-920 6957.

BP is an equal opportunity employer.

**BP INTERNATIONAL**

### Group Accountant

**Central London** **c£30,000**

One of the leading independent British management consultancies operating in the field of executive resourcing seeks an accountant to head up their finance function. The Group is currently experiencing exceptional organic growth and has ambitious plans to further capitalise on its success.

Reporting to a Group Director and managing two assistants, your principal responsibilities will include preparation of group management and financial accounts, budgeting and cash management. In addition, there will be other duties such as payroll, audit liaison, invoicing, control of computerised accounting systems and some company secretarial work.

The ability to gain a thorough understanding of the Group's activities and establish effective working relationships is essential. Other personal attributes required for this dynamic environment include excellent presentation and communication skills, a quick intellect and an efficient, analytical yet flexible approach. You are likely to be a qualified accountant, age is of less relevance than the attributes outlined above.

Interested candidates should write enclosing a comprehensive curriculum vitae and daytime telephone number, quoting Ref: 354 to Philip Rice MA, FCMA, Whitehead Rice Ltd, 43 Welbeck Street, London W1M 7PG. Tel: 01-457 8736.

**Whitehead Rice**

MANAGEMENT SELECTION



# Financial Accountant

**"Valuable experience across all the accounting complexities of a major multi-national"**

**To £25,000 + benefits London**

Kelco International Ltd is a speciality chemical company and a subsidiary of Merck & Co., Inc. of the USA - the world's leading pharmaceutical group. With a worldwide turnover of £40 million we are an integrated manufacturing/marketing organisation. We operate three plants in the UK with major raw material sources overseas. Sales are through overseas distributors, subsidiaries and affiliates as well as in the UK.

We seek a Manager - Financial Accounting reporting to the Finance Manager for London HQ, Paris and Hamburg. You will be a competent professional and ideally a graduate Chartered Accountant. You will want to work in a sophisticated computerised environment where your skills can enhance

the efficiency of your support staff. You must have the ability to meet tight reporting deadlines with accuracy.

We offer a valuable wide range of experience within a major multinational, with the important difference that here you are personally involved with all aspects of US and UK reporting requirements, for example, consolidations, taxation and currency.

In addition to salary we offer an excellent benefits package. If you have the qualifications and desire to meet our exacting requirements then please send your CV to: Peter Vreede, Director of Personnel, Kelco International Limited, Westminster Tower, 3 Albert Embankment, London SE1 7RZ. Telephone: 01-735 0333.

**Kelco**  
International Limited

# Group Chief Accountant

**c.£30,000 + car  
PLC, Reading**

This is an outstanding opportunity for a qualified accountant, probably aged 28-32. It falls within the small corporate staff of an ambitious, profitable and acquisitive public company engaged in the computer products and peripherals markets.

The Group Chief Accountant will support the Finance Director in all planning, acquisitions and treasury work, as well as taking full delegated responsibility for the consolidation and co-ordination of management accounts, financial accounts and budgets.

Applications are invited from accountants with a record of achievement and progress in the profession or commerce/industry. Salary is negotiable and career prospects are excellent.

Please write, enclosing career details and quoting reference 654/1, to Nigel Halsey, Managing Director, at the address below. Telephone 01-895 1323.

**The Halsey Consulting Partnership**  
25 Villiers Street, London WC2N 6ND

# GROUP FINANCE MANAGER

**c.£45,000 + CAR + FINANCIAL SECTOR BENEFITS  
CENTRAL LONDON**

Recent developments at Abbey National have been attracting intense interest. Following conversion, as we prepare to compete in a new era and in new markets, the future offers tremendous stimulation and opportunity. Nowhere will there be a greater need for good decision making than in Group Finance.

The challenges facing you will be threefold. Firstly, you will control the Group's management information flows and forecasting; secondly, you will control the Group's accounting functions and statutory reporting; finally, you will control the installation of new financial systems.

Heading up a highly experienced team of 50 staff, your task will be to confront these issues head on and successfully take this key area of Abbey National through the expansion now ahead of us. It's a highly strategic role which will demand all the resources of a precise, analytical thinker. The high profile of this position means you'll be conducting negotiations with the Bank of England and major commercial institutions, as well as liaising extensively with senior managers within the Group.

A Chartered Accountant in your 30s, you'll have at least 5 years' post-qualification experience, some of which should have been spent in the financial services sector. Computer literacy and experience of the installation of financial software are essential qualities as are excellent communication skills and a high level of personal credibility. If you have the ambition to meet this challenge, write enclosing a brief CV indicating current salary and the particular skills you would bring to the job, to Gloria Barber, Management Recruitment Manager, Abbey National, Abbey House, 201 Grafton Gate East, Central Milton Keynes MK9 1AN.

The closing date for applications, which are invited from all sections of the community, is 17th August 1989.



**c.£30,000 TAX FREE IN BAHRAIN**

# Senior Management Accountant

required to manage and co-ordinate the Management Accounts Section. In particular, this will involve preparation of the corporate budget, development and control of all costing systems, project and fixed asset accounting,

inventory and contract control. You will also develop monthly and periodic financial and management reporting covering all aspects of the Company's operations including analysis and explanations of variances. Ref 1291/2.

# Senior Marketing Accountant

to be responsible for supervising and co-ordinating the activities of the Marketing Accounts Section. This will cover sales accounts for the international, aviation, retail and distribution sectors together with all aspects of refining accounting. You will supervise the

preparation of all financial reports, prepare your annual budget and recommend sectional operating procedures. Reporting up to General Management level on a routine basis you will also liaise with Government Departments when required. Ref 1291/3

The Bahrain National Oil Company is a fully integrated organisation covering oil and gas exploration, the processing of local imported oil products, production and distribution of natural gas, marketing, shipping and retail operations.

Both appointments require a qualified CA, CIMA or ACCA, with at least five years' experience of similar work in a computerised environment of a large organisation. At least 3 years' managerial experience is also essential.

Systems implementation experience and overseas exposure both helpful but not essential.

Attractive benefits include free married accommodation, end of service gratuity and generous leave with air fares.

In the first instance please write with full details and CV to John Strang quoting the appropriate reference. MSL International, 32 Aybrook Street, London W1M 3JL

**MSL International**

# Management Skills

**W. London c.£27,500 + Car + Benefits**

Created over 30 years ago this major international media group has diverse interests in film, video, satellite and worldwide distribution services. Established leaders in their field, they have reached a key stage in their development.

An ambitious, qualified accountant, age under 30 years, with obvious man-management skills is sought to play a central role within the Finance function. Reporting to the Chief Accountant, you will be supervising an established team producing Group Accounts in a multi-currency environment. Additional responsibilities will include monthly reporting to Board level and a close involvement in the enhancement of computer systems.

A challenging opportunity, calling for the ability to motivate and develop team members, your personality and drive will therefore be more important than specific commercial experience. Benefits include 5 weeks holiday, pension, life assurance and share option scheme.

Write, with full CV and daytime telephone number, to Patrick Donnelly, quoting reference FT/048.



**PD Consultants**

MANAGEMENT SELECTION  
314/516 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2273

# FINANCIAL CONTROLLER

**Middlesex**

**ACA/ACMA**

**c£28,000 + Bonus + Car**

Our client, a major multinational organisation, is one of the largest and most acquisitive players in the competitive computer leasing sector.

As a consequence of continued expansion, there is an immediate requirement for a Financial Controller for their brokerage division.

Reporting to the Divisional Managing Director, the role will involve the co-ordination and management of a finance function of five staff, responsibility for putting together financial statements, budgeting and MIS development. This position offers substantial involvement with the senior management.

The ideal candidate will be 28-32, a highly motivated qualified accountant and have at least two years' commercial experience. Strong technical and man management skills are essential requirements.

For the individual who can respond to such a challenging role, promotion to finance director is envisaged.

Interested applicants should call Giles Daubeny on 01-437 0464, or write to him, enclosing a full CV, at the address below.

**ROBERT WALTERS ASSOCIATES**

RECRUITMENT CONSULTANTS  
Queens House 1 Leicester Place London WC2H 7BP  
Telephone: 01-437 0464

# Group Accountant

**up to £35,000 p.a. plus car North London**

Our client is a successful aggressively growing quoted Group of companies with diverse interests in the leisure, consumer goods, industrial distribution, packaging and engineering industries with operations throughout the United Kingdom and in the USA.

The Group has ambitious plans to continue its development by organic growth and acquisition and wishes to make a new appointment of Group Accountant who will be responsible for varied work including preparing Group plans and financial forecasts, monthly and statutory accounts, developing and improving operating company controls, conducting investigations into potential acquisitions and participating in post-acquisition actions.

Candidates must be young, well qualified accountants who have gained training and experience with a well established practice or company, which has exposed them to the accounting standards and requirements of public companies and preferably to mergers and acquisitions.

The initial remuneration package will be excellent, including a substantial salary coupled with a bonus, as one would expect for a high flyer accountant in this form of company which believes in rewarding successful people. Career prospects in this exciting fast growing Group are excellent.

Interviews will be held in London. Please send details of your career and contact telephone numbers quoting reference 6124FT to George Hopwood at:

**Grant Thornton**  
Management Consultants  
Heron House, Albert Square, Manchester M2 5HD.

**Career Move Into Investment Banking**

# Young Ambitious Accountant

**1-2 yrs P.Q.E.**

**c£30,000**

Our client, a blue chip investment bank, is offering an unusual opportunity for an ambitious young ACA to work closely with its entrepreneurial management team.

Reporting to the Head of Finance, you will provide effective support for all aspects of financial and management accounting. The role also includes treasury related responsibilities and assisting management in a broad range of business activities from securities trading to corporate finance.

Candidates, aged 25-30 will be graduate ACA's with at least one to two years' post qualification experience. You should have good communication skills and the ability to undertake a broad range of management tasks and contribute in a real sense to the business.

This high profile position provides the opportunity to gain an understanding of virtually all aspects of investment banking within a close knit environment.

Interested candidates should contact Suzie Mummé on 01-248 3653 (or 01-673 2549 evenings/weekends) or write, sending a detailed CV to the address below or use our confidential fax line on 01-248 2814. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ



Tel: 01-248 3653





TECHNOLOGY

Caught in the vortex of relentless change

Alan Cane describes the forces which brought a US computer company close to disaster

The rise, fall and resurgence of the super-computer maker, FPS Computing, formerly Floating Point Systems, of Beaverton, Oregon, is an object lesson for anyone seeking to understand the forces at play in the computer industry.

With new senior managers in place, it is losing only about \$1m (\$34,000 a quarter), a significant improvement over the \$7m bleeding away each quarter a year ago.

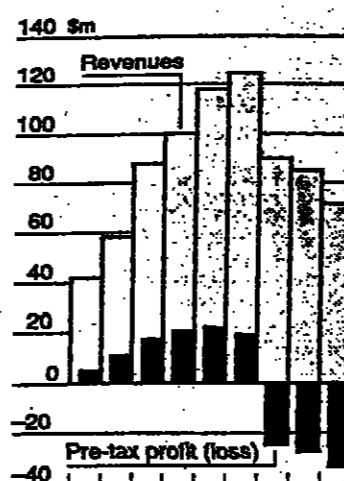
machines) of a supercomputer. Its customers include the world's three largest computer companies, International Business Machines, Digital Equipment and Unisys, which endorse its products and market them with their own.

It meant that FPS was left without up-to-date products at a time when a host of start-up companies were beginning to attack the minisupercomputer market with cost-effective systems based on industry standard components and the Unix operating system.

FPS Computing



Howard Thrall President and Chief Executive Officer



Donald McDougall Vice President, Marketing, Sales and Service

like Convex and Alliant. Its cash position was weak. Expenses had been allowed to grow unchecked, overheads were out of control and the then top management, more interested in technology than in business, was placing too little emphasis on collecting receivables.

It was clear that new management was needed and Thrallkill, formerly with Harris and Motorola, and McDougall, formerly with Data General, were brought in by the board to lead the effort to turn the company round.

Other companies with which FPS has formed synergistic partnerships include Bipolar Integrated Technology (BIT) for mathematics chips, UltraNetwork Technology for high-speed connectivity and Template Graphics for three-dimensional graphics software.

When the lightest of gases becomes a dark, superconducting metal

Scientists in the US have succeeded in putting hydrogen, the lightest of gases, under so much pressure that it behaves like a metal.

Calculations show that metallic hydrogen is likely to behave as "warm superconductor", losing its electrical resistance at a higher temperature than any of the exotic new ceramic superconductors which have caused so much excitement over the past three years.

reactors and space rockets. Russell Hemley and Ho-Kwang Mao, of the Carnegie Institute in Washington, have squeezed hydrogen at 2.5m atmospheres - higher than the pressure at the centre of the Earth - between two tiny anvils made of diamond and cooled by liquid nitrogen.

deg C warmer than the current record holder for high temperature superconductivity, a ceramic metal oxide. Indeed the Berkeley calculations show that metallic hydrogen could conceivably remain a superconductor when heated to room temperature.

hydrogen fails to become a practical superconductor, knowledge of its electrical properties should lead to a better understanding of other high temperature superconductors.

stable enough to last for reasonable periods under moderate pressure, it could eventually turn out to be a means of storing large amounts of energy in a very compact form.

That may be a challenge for the future. But, as Neil Ashcroft of Cornell University's Laboratory of Atomic and Solid State Physics points out, producing metallic hydrogen and understanding superconductivity are two of the key problems in physics today.

Financial Directors advertisement. Text: To secure the best appointments at senior level needs more than good advice, accurate career objectives and succinct presentation.

Senior Financial Managers advertisement. Text: SOUTH BANK POLYTECHNIC Department of Business and Finance. PART-TIME LECTURER IN INVESTMENT ANALYSIS £18.29 p.h.

FINANCIAL CONTROLLER advertisement. Text: Rapidly expanding holiday ownership & leisure company with multiple resorts are looking for a qualified accountant as financial controller of their overseas operations.

NEW TOP EXECUTIVE JOBS advertisement. Text: IS YOUR CURRENT EMPLOYER YOUR TARGET? Since 1980 we have provided a complete support service in helping new general managers...

ACCOUNTING CONSULTANTS AVAILABLE advertisement. Text: Small group of accounting consultants, having just completed last project of over 3 years for very large, quasi-government business are now ready for additional short or long term accounting/administrative assignments.

Finance and Administration Manager advertisement. Text: This new appointment, with an expanding company in the FMCG field, is designed to become the Controller of the Company after a satisfactory initial period.

GENEVA SWITZERLAND advertisement. Text: Full Service is our Business. International law and taxes. Mailbox, telephone, telex and teleprinter services.

COMPANY NOTICES advertisement. Text: PROVINCE OF SASKATCHEWAN. Canadian \$300,000,000 10 1/4 per cent. Notes due 1994.

COMPANY NOTICES advertisement. Text: Confidential (Sermsida). Limited US\$ 250,000,000. Floating Rate Notes due 2006.

INTERNATIONAL APPOINTMENTS advertisement. Text: THE COMMISSION OF THE EUROPEAN COMMUNITIES is looking for 3 HIGHLY QUALIFIED TEMPORARY AGENTS (category A) (m/v).



ARTS

CINEMA

Dangerous journeys

Ah promised lands! From The Tea Com-mandments to The Grapes To Wrath, from Lost Horizons to Aguirre Wrath Of God, few spectacles are more stirring than that of a band of adventurers hacking their way towards a land of milk and honey. In any movie about promised lands, we are ensured one or more of the following. An ever-changing landscape, a group of ill-matched travellers united by a common dream; a story pulling us like a magnet towards a clearly defined goal or pole.

THE LAND BEFORE TIME Don Bluth EL DORADO Carlos Saura

THE RETURN OF THE MUSKETEERS Richard Lester

SPLENDOUR Etторе Scola

DANNY THE CHAMPION OF THE WORLD Gavin Millar

WHAT HAVE I DONE TO DESERVE THIS? Petro Almodovar

the snowprints of Amundsen. But El Dorado soon pitches the flag of its own personality. Where Aguirre, Wrath Of God was a pagan to divine madness filmed in high-noon colours - with Klaus Kinski as a death's-head Messiah supervising an army's self-destruction - Saura's movie is subtler, darker, more Machiavellian: a revenge drama put on film and pushed towards poetry.



Lambert Wilson in 'El Dorado'

They even try to save our own King Charles (Bill Paterson) from the block, but realise their failure when blood drips into their wine as they hide under the platform waiting to pounce. The plot is confused - thanks to both Dumas and screenwriter George MacDonald Fraser - and the actors are upstaged by their horses. (Was there ever so much galloping around to so little purpose?) But who can fail to delight in Lester's comic grace-notes? As in the early films, the background is busy with a daff period authenticity or pseudo-authenticity. Seventeenth century games of golf and cricket; inns abounding with succulent food and detail; and Queen Geraldine Chaplin discovered, in one gloriously batty cameo, "goat-karting" around the palace grounds.

Vlady to comfort him (resembling Zsa Zsa Gabor but with extra sponge-filling) and young prostitute/protege Massimo Troisi to befriend him and assure him that cinema's magic will never die. To prove this point, Scola's film batters us with classic movie excerpts. It is like being ambushed in a movie vault by a mad cinephile: "Here's a bit of Citizen Kane - this is Stagecoach - anyone for Mr Deeds? - how about a few yards of Rossellini and De Sica?" But there is much wit and some wisdom along the way. And the final scene of snow falling through the cinema's sliding roof like a blessing on the audience below - they are gathered for the condemned cinema's "last picture show" - has a real, breath-catching beauty. Children of all ages - that bizarre anthropological grouping unique to movie promotion - will probably enjoy Dumbo, The Champion Of The World, In rolling Chilterns scenery, garage-owner and part-time poacher Jeremy Irons squares up to country squire and full-time spiv Robbie Coltrane in a merry tale of land-grabbing, rural politics and drugged pheasants. Time: 180s.



Deborah Findlay and Carla Mendonça

As You Like It

ROSE THEATRE, OXFORD

I arrived late at the Rose Theatre, an adjunct to the Newman Rooms with their bookshop and cafe, opposite Lewis Carroll's Christ Church and near the shop whose assistant turned into a sheep in Through the Looking Glass. Wondrous things still occur in Oxford: the Oxford Stage Company still performs despite the closure of the Playhouse and turns its makeshift accommodation to advantage with a thrust stage surrounded on three sides by seating, the back section raised, to give the feeling of an Elizabethan theatre. As You Like It will be joined by King Lear for an extensive national tour. After a slow start John Retallack's production casts a spell. The Forest of Arden, after all, works as much magic on those who enter it as any Athenian wood. Athens, as it happens, may not be too distant for this is a Balkan Arden. The court ladies wear hipless, unwaltered gowns and court shoes of the 1920s or 1930s. The cast's rustic members sport the odd feather, eastern European style, in their turbans. This is the Europe of the dictators and exile and banishment on the whim of a tyrant make sense.

Martin Hoyle

pleads with you to deploy your Kleenexes. But the only tears audiences are likely to shed are at the sight of much quality animation - Don Bluth swishes a noble brush whenever it comes to towering crags or skies above with spitting lava - put to the service of a pathetic plot. El Dorado makes no attempt to raid our tear-ducts. Indeed Saura's film almost wears a sign: "History in the making. No sobs, sniffles or superfluous emotions, please. As if schooled by the mute expressionism of his dance films - Blood Wedding, Carmen - the Spanish film-maker turns the conquistador's search for a lost city into a ballet of conspiracy and madness. Leaders are usurped or murdered; an Indian has his body painted gold beside a darkling river; Tristan and Isolde's smugushed chords haunt the soundtrack; blowpipe darts whistle out of the darkness; cannibals pass their hands over a Catholic effigy of Christ as if testing the flesh for a barbecue.

There are little baby pterodactyls who fight over cherries. There are wee baby dinosaurs who hatch onto an screen with long, gribbly and koochy-koo expressions. And when Ma Dinosaur passes on, the youngsters fill the screen with his glibular tears. This Bone Age Babei comes from the Spielberg stable and betrays the worst influences of Mr S's lately-developed taste for schmaltz. Scenes after scene

preceded to the story by Werner Herzog, Saura must have felt like Scott paddling in

A Slice of Saturday Night

KING'S HEAD THEATRE CLUB

"A New 60's Musical" by the four Heather brothers - three of whom were responsible for one of the worst musicals of all time, ten years ago, Big Sir-City, turns out to be a jovial and rather expert repository of pop styles and mannerisms very loosely presented at a Saturday night hop "in and around the Club A Go-Go, 1964." The boys and girls aim to be cool, fab and trendy and a bet is laid that one of the chaps will not have his "what-if- touched before the evening is out. As a plotline this is even less developed than it was in the source of the weebeez, the wonderful Mickey Rourke team dream film Diner.

While the kids bop and shimmy to the Heather Boys' clever approximations, the ruling spirit, the club manager, Eric "Rubber Legs" De Vene, played with exorbitant insulation and a sphinx-like, intimidating leer by Binky Baker, raises a cheer for the rocker who will outstay the lot - Cliff Richard. Cliff with the whiff and his four lads, "the Shads." Mark Urquhart's production is expertly arranged on Gillian Danelli's simple set of brick wall club with inset loo and sitting out area. When the music stops, the atmosphere is of a Willy Russell play (Stags and Hens) without the precise observation and location. The show is fun, but slight, with notable contributions from Lisa Hollander, David Easter and, especially, James Powell



Mitch Johnston, Claire Parker and Lisa Hollander

as a leather-capped Mickey Dolenz, looking like a decade earlier, reminds you that the Monkees were yet another synthetic response to the Beatles. The book is non-existent, the musical mores admirable, the true spark of creativity lacking. There are no songs that rival the original classics. And, to quibble with one sequence, Desmond Morris and his "body

language" were not street currency until the end of the decade (until the zologist published The Naked Ape. But you sense a keener yearning for the 1960s than was prompted by Grease or Leave Him To Heaven; much more yuckety-yuk than yuckety-yuk.

Michael Coveney

Lutoslawski

ALBERT HALL/RADIO 3

There is something deeply satisfying about the mature mastery of Witold Lutoslawski. His newest offering, the Piano Concerto (1988), received its British premiere at the Proms on Tuesday night - the BBC Symphony Orchestra was conducted by the composer himself, and Krystian Zimerman, for whom it was originally written, was the soloist. It is a wonderfully beguiling work - a four-movement sequence (played without pause) expertly fashioned, beautifully "heard" for the solo instrument, a finespun tissue of instantly appealing sounds. It is also an argument of high sophistication. But, in what may be called the septuagenarian composer's "final period" manner, the reconciliation of elements forward-looking and accessible is now so easily achieved that at first hearing one may be tempted to underestimate the work's strengths. Lutoslawski is himself a pianist, who first formed the idea of a concerto (never realized) more than 50 years ago. A particularly striking first impression is left by the work's sense of kinship with those late-Romantic and early-modern concertos to which the young Lutoslawski must have been specially drawn - by Ravel, Bartok, even (in some of the bigger gestures) Rakhmaninov. It was a useful notion of concert planning to open with Ravel's Tombeau de Couperin (conducted by Andrew Davis), since this work settled the listener into exactly the right frame of mind for Lutoslawski's opening exchanges - al fresco woodwind twitters answered by musing piano flutterings, elegantly Ravellian in mood and texture. It is hardly clear that Zimerman's combination of sensitivity and virtuosity provided

much specific inspiration. All the way through, the pianist explores the role initially outlined, that of the dreamy-minded nature poet who can also be a waywardly independent provoker of discourse. The preludial nature of the first movement means that the weight lies in the centre - a scherzo, more truly for contrasted forces leading into a Bartokian slow reverie, where Lutoslawski's newly-found interest in reviving "traditional" devices of harmony and melody can be most readily appreciated. Perhaps the most obviously mastered specific inspiration. All the way through, the pianist explores the role initially outlined, that of the dreamy-minded nature poet who can also be a waywardly independent provoker of discourse. The preludial nature of the first movement means that the weight lies in the centre - a scherzo, more truly for contrasted forces leading into a Bartokian slow reverie, where Lutoslawski's newly-found interest in reviving "traditional" devices of harmony and melody can be most readily appreciated. Perhaps the most obviously mastered specific inspiration. All the way through, the pianist explores the role initially outlined, that of the dreamy-minded nature poet who can also be a waywardly independent provoker of discourse. The preludial nature of the first movement means that the weight lies in the centre - a scherzo, more truly for contrasted forces leading into a Bartokian slow reverie, where Lutoslawski's newly-found interest in reviving "traditional" devices of harmony and melody can be most readily appreciated.

In one sense, the concerto is not strikingly new; people who can enjoy Ravel, Bartok, and Messiaen should easily keep pace with its language and substance, and while the "modernist" Lutoslawski of the freely notated scores may peep through in some of the instrumental commentary, the composer's self-simplification processes have been stringently applied in another, though its familiarity is marvellously deceptive. Much more will emerge from those future performances to which one can confidently look forward. This is a work destined, I feel sure, for wide circulation. Max Loppert

ARTS GUIDE

- EXHIBITIONS London The National Gallery. The Artist's Eye - this year's art is abstract painter Eric Riley's turn to take her part of the collection. Daily until August 31. The Whitechapel Gallery. Euan Uglow - a retrospective of the paintings of the artist by the painter who is at once the most severely objective and the most seductive of our painters of the figure. Until September 2; closed Mondays. The Hayward Gallery. Art in Latin America - a rich and fascinating survey of the painting and sculpture that has come out of Central and South America since the early 18th century, which is roughly the period of the achievement of independence from the Spanish and Portuguese colonial empires. Daily until August 5. The Royal Academy. The 21st Summer Exhibition of the Royal Academy - the usual gigantic and enjoyable free-for-all of painting, sculpture, print and architecture with nearly 1,200 works on show. Daily until August 29. The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Open 9.30am-6pm. Mon and Wed until 9.40pm, closed Tue. Les Dossiers du Louvre. Aptly, the newly refurbished museum inaugurates the 1,200 square metres of space created underground for temporary exhibitions by expressing gratitude for the generosity of donors throughout its existence. 10am, all days except Tuesday. Ends August 21. Entry through the Pyramid, Hall Napoleon, Niveau Accueil. Centre Georges Pompidou. 1789 Le Patrimoine Libere. Rather than inheritance liberated, words like confiscation and plunder would describe more accurately the manner in which the 830 treasures, chosen from hundreds of thousands of documents, reached the Bibliotheque Nationale from churches and palaces during the revolutionary years. 3rd and 4th August. Centre Georges Pompidou and La Grande Halle de la Villette. A mammoth exhibition - Les Magiciens de la Terre - is ambiguously subtitled the First World Exhibition of Contemporary Art. Even the western artists were chosen according to their relationship with the Third World. Centre Georges Pompidou (427/7253) and Grande Halle de la Villette, 311 Ave Jean-Jaures, Metro Porte-de-Pantin (4245/7722). Metro exhibits closed Tue and August 14. Martigny Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the judicious selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (028-22363). Brussels Centre Culturel le Botanique.

- A sense of catastrophe - art in the 1980s shows works of American and European artists. Closed Monday ends August 13. Amsterdam Amsterdam Historical Museum. A selection of 70 design drawings from the private collection of art dealer Lodewijk Houwhaaker. Ends 17 September. Frankfurt Schirn, Kunsthalle. Am Brinberg 86. A Wasilly Kadinsky retrospective (1898-1940). Wasilly Kadinsky, initiator and founder of the famous Blue Horse style also created a new form of abstract painting. Ends Aug 20. Bonn Kunsthalle am August-Macke-Platz, Hochstr. 22. Centre, Residences and Metropolis in German History. This interesting exhibition, organised by Boris-Michael Baumunk, has about 1,500 pieces on loan from private collections and museums. Ends August 20. Bremen The Kremlin Gold. The exhibition is jointly organised by the Bremen Uebersee Museum and the Moscow Kremlin Museum. This presentation of around 80 pieces of Russian goldsmith's art covers the early Byzantine period through to the beginning of the 20th century. Bremen Uebersee Museum, Bahnhofplatz 33. Ends August 13. Vienna Galerie im Hofgartenklosterhof

- has a selection of watercolours and other paintings by Gustav Klimt, the turn of the century Austrian artist who helped to shape the artistic establishment out of its lethargy. Until August 18. The Benedictine Monastery in Melk, an hour's drive from Vienna, celebrates its 900th anniversary. Besides a fascinating collection of paintings, books and other objects, the museum, the Abbey boasts the finest baroque architecture in this part of Europe. Until November 15. Rome Galleria Nazionale d'Arte Moderna. The Sonnabend Collection contains a little of everything, from pop-art with some of the best-known works of Warhol, Lichtenstein, Jim Dine, followed by examples of American minimal art (Stavin, Judd, Morris), to conceptual art and Arte povera, with works by Gilbert and George, Paolillo, Merz, Pistoletto and Kounellis, ending with some curious examples of German neo-expressionism. Until Oct 2. Museo Napoleomica. Eighteenth-century Roman Theatre and Carnival. Life was anything but comfortable for impresarios under the oppressive parody of Pius VI, with ruin continually staring them in the face through forced closure by unpredictable papal censors. Ends Sept 30. Turin Russian and Soviet Art: 1878-1939. Benzo Piano, architect of the Beaubourg, has given the

OBITUARY

John Ogdon

John Ogdon, who died on Tuesday at the age of 52, was probably the most important British pianist to emerge in the postwar period, and certainly one of the most naturally and abundantly gifted musicians this country produced in the 20th century. He studied at the (then) Royal Manchester College of Music with Isidore Ghiselin but while there he also formed links with the so-called "Manchester School" of composers - Maxwell Davies, Birtwistle, Goehr - and, as well as giving many performances of their works, also produced several of his own. It was, however, as a pianist of the virtuosic Romantic repertory that Ogdon made his name (he first appeared at the Proms, in 1958, playing the mammoth Russian Piano Concerto). He became internationally famous in 1962 after shar-

Max Loppert

# FINANCIAL TIMES

NUMBER ONE SOUTHWARD BRIDGE, LONDON SE1 5HL  
Telephone: 01-873 3000 Telex: 822186 Fax: 01-407 5700  
Thursday August 3 1989

## America's thrift crisis

PRESIDENT BUSH and his opponents in the House of Representatives have both been using the same argument to back their arguments about financing the reconstruction of the ruined thrift industry; so perhaps a comment from the outside world, which has shown very little interest in this particular crisis, is in order.

The sight of President and Congress tackling a major financial scandal, which was allowed to slide for years under President Reagan, is encouraging. The fact that they have not adopted a more radical approach, which would remove the danger of a future bail-out of the thrift industry - or for that matter of the private pensions industry - is not so impressive; and the sight of very little interest in this particular crisis, is in order.

The point immediately at issue is the enormous sum which may be needed over the next decade to honour insured deposits backed by bad loans. Should this be raised by the Federal Government, with a waiver to exclude the sum from the Gramm-Rudman deficit limits (the House approach), or by the special budget proposed by the President for the purpose? The House believes that a Federal guarantee would enable the government to borrow the money more cheaply. The Treasury Secretary argues that world markets would be badly shaken by any Gramm-Rudman waiver, and so the cost of all Government borrowing would be raised.

### Dangerous precedent

Investors are unlikely to be impressed with either method of book-keeping. The Fed Chairman, Mr Alan Greenspan, makes a more important point when he warns that a Gramm-Rudman waiver, though it might be appropriate here, could be a very dangerous precedent.

The US faces many problems which might be regarded as special cases; indeed the drug "czar," Mr William Bennett, has already tried to float the idea of special bonds to finance drug-fighting activities, which he seemed to teach would offer a way round the Budget constraints. He was rightly

warned off within hours. The financial crisis, and those which may follow, are a special case in quite another sense. In world terms, the "expeditious" involved are a domestic US book-keeping question: it makes no difference whether the loans which back federally guaranteed deposits are serviced by private borrowers or by the taxpayer. The debt-servicing costs should appear on the Budget, but the capital costs should not. The economic damage was done years ago, when the loans were made.

### International effect

Current British experience shows that a runaway property boom in a property-owning democracy can undermine the savings rate just as effectively when the loans which finance it are made by perfectly sound institutions. Things are different in Japan, because it is largely a tenant society; the property boom increases the incentive to save. However, in another sense the troubles of America's domestic thrift and pension industries do matter internationally; they put a severe crimp on monetary policy. The Fed has to walk a very narrow path between inflationary risks and the risk of financial collapse in an over-leveraged economy; and the US government has to worry about the possibility that its guarantees to depositors, and to pension beneficiaries, may be called in if the thrifts and funds concerned are over-stretched.

Such worries can cause any central bank to settle for stagnation as the least painful of the alternatives; that is what happened in the 1970s. The US authorities face greater pressures because Congress has in the past legislated guarantees which are largely unknown in other countries, and which encourage excessive expansion. Further, the Administration has in the past failed to provide the tight supervision that is needed when depositors and subscribers are relieved of any need to exercise prudence. Supervision is being tightened, but the guarantees remain; expect to see more worried eyes cast towards the US.

## Private water, public costs

ONE OF the Thatcher Government's odder justifications for privatising the water services is that the state would never have found enough money to clean up the industry to meet the state's own standards.

However, Mr Michael Howard, the minister in charge of the sale, yesterday announced steep price rises stretching to the end of the 1990s and a large injection of government money. This will help pay for improvements in the purity of drinking water and the removal of untreated sewage from rivers as required by the Water Act 1989. These expenditures are necessary, but it is not obvious why privatisation was necessary to achieve them. The Government has now been obliged to put 25.4bn up front to grease the slippy to flotation, writing off the industry's debts to the Treasury and adding a cash bonus imaginatively gashed out as a "green dowry."

The price rises which the 10 water authorities will be allowed to levy during the next decade have, in addition, been set at an average 5 per cent per annum in addition to inflation. If one looks at these increases in cash terms (as the Treasury prefers) and assumes a continuing inflation rate of around 5 per cent per annum, water charges will go up by at least 250 per cent during the next decade.

### Land sale provision

In addition the Government has outlined the rules for a system of "cost pass through," which will allow water companies to levy perhaps substantial further price increases to meet unexpected obligations. This will be offset by the companies' duty to share half the profit from any sales of land or property with consumers.

The Government argues that it was able to inject 25.4bn into the industry only because it can set this off against the proceeds of the equity sale. This is less a comment on real world economics than on peculiarities of the public spending system. The Government could readily have raised money for the industry by official borrowing at a lower cost than is likely for its equity offering.

However, within the framework of its determination to privatise the industry, the Government appears now to have achieved a reasonably fair balance between the interests of taxpayers and water consumers. Privatisation of the industry will, moreover, result in a more open discussion of the need for improved standards and how these should be financed. The cash injection announced yesterday will reduce the Government's net gain from the sale to only a few billion pounds, a fair reflection of its past neglect of the industry.

### Clean sheet

The new private companies will thus face the future with a clean balance sheet, enabling them to make substantial borrowings to meet the estimated 27.3bn investment programme which they must carry out in the next decade.

It is still not clear what level of future borrowings the Government has assumed in setting price increases; and this raises a matter of some public importance. It would be wrong for water users in the next five to ten years to be asked to finance the whole cost of projects which have been neglected in the past and which may be expected to last for 30, 50 or even 100 years. The cost to consumers should more appropriately be spread over future generations by borrowing. On the other hand some normal replacement of plant could be expected to be paid out of the cash generated from water charges. The regulator for the industry will need to keep this balance under close review when authorising adjustments to tariffs. The final test must ultimately be that equity holders in the new companies receive a fair but modest return on their investments.

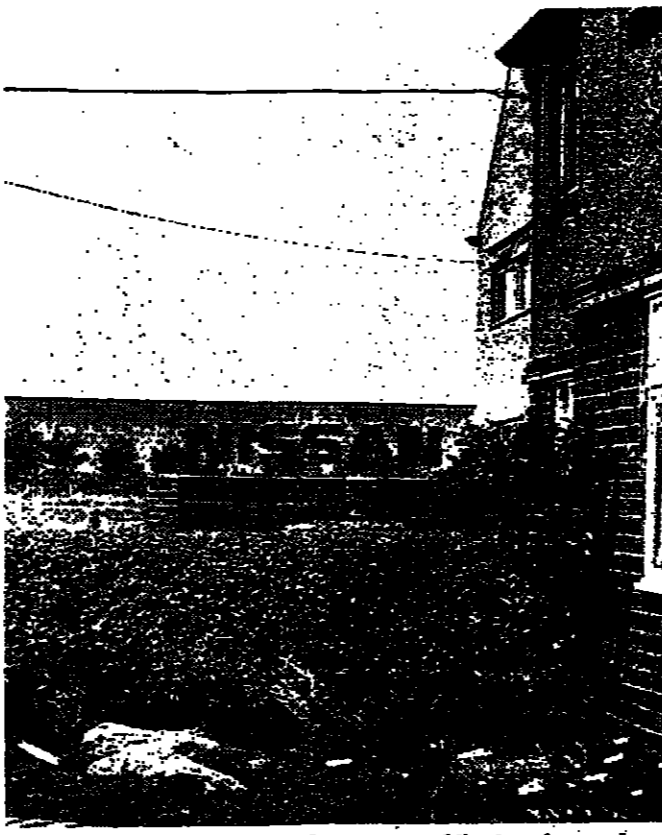
The Government has rightly removed the largest burden by keeping the schedule of price increases as small as possible, but allowing future adjustments if the figures prove genuinely too low. That being so, it must have the courage to tell the markets that the sale will not be a bonanza for equity buyers, but a straight-laced coupon, but an index-linked bond.

## Hazel Duffy on a Government initiative to improve the lot of inner city tenants

Michael King, a consultant with Peat Marwick McLintock, listens patiently to a young mother, baby on knee, as she explains the problems of living with vandalism on a council housing estate.

Two widowed women want assurances that they can stay on in the houses where they have brought up their families. A middle-aged couple show concern about the deterioration of the estate, but worry that improvements will push up the £7 a week rent.

The Town End Farm estate is one of four estates in Sunderland in the north-east of England, which the Government wants to transfer to a Housing Action Trust (HAT). The specialists try to reassure the few tenants who have responded to a personal invitation to come to the meeting in the community hall. In answer to their questions, they are told: "Relations with the police might improve with a HAT; there will be parks for your children; some of you have kitchens which could be improved; your rents after the improvements will not go up by more than council rents on other estates in Sunderland."



The Nissan plant, Sunderland, near one of the town's run-down estates which the government wants to transfer to a HAT.

## Bleak houses

HAT. But the seeds of unease among tenants had been planted. It was the first of several concessions. After the bill became law, Mr David Trippier, at the time a junior minister at the Environment Department, was given the job of getting the policy implemented. Experience as a council leader, MP for a northern industrial constituency, and respect earned in dealing with inner cities - these were valuable qualifications in the delicate task ahead.

He has promised that tenants' representatives can sit on the HAT boards. The plan is that a business person will chair the boards. He has told Sunderland council that if the tenants want to go back to it at the end of the HAT, the council will not be any worse off financially than if the estates had stayed with them.

Labour councils believe Mrs Thatcher's real motives for introducing HATs are to further whittle away their strongholds of power. Nearly 23 per cent of the housing stock in England is in the public sector. In Scotland, it is 47 per cent. This is about one fifth down on levels eight years ago, mainly a result of the Government's highly popular policy of encouraging tenants to buy

their properties. But much of what is left is flats, often in tower blocks, whose tenants are unable or unwilling to take on the extra costs and responsibilities of owner occupation.

Other policies have now come into play. The expansion of the private rented sector is being encouraged. Housing associations can draw on a mixture of private and public funds, for instance. A few councils have bailed tenants on proposed transfers of their stock to housing associations or private landlords. Tenants remaining with local authorities will be encouraged to take on a more active role, monitoring the performance of their council landlords.

HATs were proposed to deal with the worst estates. Six areas were identified, three in London (in the boroughs of Lambeth, Southwark and Tower Hamlets), Leeds, Sandwell (in the Midlands) and Sunderland. Consultants were brought in to study the proposed areas.

Their draft reports were presented to ministers last December, and summaries of the final reports were published in March. They did not make very encouraging reading. The consultants on Tower Hamlets concluded that the only way that a trust might be

set up would be if substantial additional housing was made available. The council was asked to nominate new areas. The proposal was dismissed as "ridiculous and unthinkable" by leader Ms Brenda Collins.

Consultation continues with tenant groups in Southwark, Sandwell and Leeds seem to have been abandoned. Other councils are said to be thinking about nominating difficult estates for HATs treatment. But, out of the first crop, Sunderland - however tentative - still looks the best bet.

The four estates do not reek of deprivation and dereliction as do some inner city estates. There are no tower blocks. The tallest buildings are three storey blocks of flats. Seventy per cent of the 6,300 units are houses with small gardens. The spanking new Nissan car assembly plant is just across the road from one of the estates.

Closer inspection, however, reveals obvious signs of problems. Rodney Lykes, housing consultant, points to the flats on corner sites, many of them now boarded up. The houses also present problems. Blocks of garages were built at the backs of houses. In the 1950s and 1960s, when council housing was being encouraged, tenants were not expected to own cars, it was innovative. Today, the blocks are vandalised, an ugly mockery of architects' ambitions.

Leisure facilities on the estates are poor. The Nissan site took some of the best football pitches in the area. Ironically, few of the estates' residents work for Nissan. Unemployment is high, even for Sunderland, a factor which the Environment Department's regional officials say tipped the balance in favour of these estates being nominated a potential HAT.

There are bright spots. About 13 per cent of the houses are now owner-occupied. They are immediately identifiable - porches have been added, gardens are tidy. A couple of satellite dishes have sprouted.

Surveys among tenants reveal little criticism of the landlord, Sunderland council. Most think it is doing a good job within the limits of its resources. This undoubtedly reflects an element of "better the devil you know than the one you don't." There is a real fear that rents will rise steeply following HAT-initiated improvements.

The council has stood back from the Government's programme of informing the tenants of the benefits of a trust. Although left-wing, it has not been hostile in the vein of the London boroughs. Information on the estates has been handed over to the consultants.

In his respect for the bottom line, Yamashita seems to have much in common with western managers, such as Lord Weinstock of GEC, Jack Welch of General Electric and Lord Hanson. No doubt they too would share his deep satisfaction at the way resourceful marketing and tight cost control wrung profits out of low-cost Matsushita products such as dry batteries and electric irons.

Yet how many profit-driven western managers would also be prepared to take risks as hair-raising as Matsushita did in videocorders? Fearing that Sony's Betamax system was about to sweep the US market, Yamashita contracted to supply RCA with VHS machines with a four-hour recording time. The problem was that

## BOOK REVIEW

# The rewards of discipline

THE PANASONIC WAY:  
From a Chief Executive's Desk  
By Toshihiko Yamashita  
Kodansha International, £17.95

There are several things every western business man knows about big Japanese companies. They formulate decisions by an agonisingly slow process of consensus-building; they pursue visionary long-term objectives at the expense of short-term profits; they award promotion strictly on the basis of seniority; and they never sack anyone.

So much for the conventional wisdom. This little book punctures all these beliefs in the course of an engagingly individualistic account of how Matsushita Electrical, Japan's largest electronics manufacturer, recovered from serious financial difficulty.

Toshihiko Yamashita was the second most junior director of Matsushita when, in 1977, a management reshuffle triggered by the chairman's "resignation" catapulted him into the president's job with a mandate to turn the troubled company around. An unassuming fellow, he had to be sailing at its advanced technology, modern equipment and management systems. But asking for a world map, he found Holland in the middle and no notion of Japan. "I remember thinking: 'Cartography is a very subjective science'."

Today, Philips is fighting to survive against Japanese competition.

Yet for all his technocratic management methods and whimsical asides, Yamashita's message is starkly Japanese. One chapter entitled "Adversity builds character" says it all. Time and again, he exalts the virtues of discipline and the improving power of toil in pursuit of excellence. The corporation overshadows everything. Though he advises fellow executives to cultivate outside pursuits, the prime purpose is not to create more rounded individuals but to equip them to take better business decisions. Man lives to work, he does not work to live.

Aud for women, they too are viewed largely through the corporate optic. "Only in recent years did I begin to appreciate the crucial role wives play in an overseas assignment. In some countries, drinking water must be boiled and vegetables carefully washed before eating. Wives have to be sanitation engineers, cooks and nurses," he marvels. Some Matsushita employees even have their wives send them fresh laundry while travelling abroad, though Yamashita washed his own.

Now retired, Yamashita reflects that maybe it has all gone too far, and that "economic tunnel vision" has distorted Japan's view of the world. It is time, he says, for Japanese to cultivate the garden of their soul. But amid all those exhortations to continue the heroic struggle against overwhelming odds, it sounds like a discordant after-thought.

Guy de Jonquieres

## Wilkinson's long rise

Whether or not the heart attack suffered this week by Sir Philip Wilkinson was caused by the strains of the Blue Arrow affair, the scandal was a painful late chapter in what had been an exemplary banking career for the former chief executive of NatWest.

In a span of over 40 years, he rose from the lowest rung in the NatWest ladder to the highest, earning a knighthood when he became deputy group chairman in 1987.

Wilkinson's qualities include a tenacious attention to efficiency and detail, and a keenness for team spirit. He created a cohesive team at the top of NatWest that other banks found hard to match. At NatWest press conferences most managers turn up wearing NatWest ties. Above all, he turned NatWest into the UK's biggest and most profitable clearer - something that Barclays has been struggling to correct for the last two years.

Wilkinson had moved on by the time the Blue Arrow affair broke, but was caught in the mainframe because he was asked to conduct an internal inquiry which, it now appears, failed to get to the bottom of the matter. The DTI inspectors said it was "a bona fide attempt to explain relevant events," but - without blaming Wilkinson - added that they had access to more information.

He retains his group deputy chairmanship, but since the report came out has resigned from the chairmanship of NatWest Investment Bank, where the trouble was, and from the Board of Banking Supervision, which advises the Governor of the Bank of England.

## OBSERVER

mer Dutch Prime Minister, to represent it in Washington, thereby ending a prolonged period of infighting for the Community's premier diplomatic post.

Two months ago Eamonn Gallagher, a veteran Irish diplomat and present director general for EC fishing policy, seemed to have the Washington job sewn up, in succession to Sir Roy Denman of Britain. Then Frans Andriessen, the external affairs commissioner, decided to use the weight that comes with being the only commissioner in his third Brussels term, on behalf of the fellow Dutchman, van Agt. This is talk that Gallagher might now become the Irish Ambassador in Washington instead of the Community's man.

### Cost of water

Water bills may be a problem in Britain; they are as nothing compared to Argentina, which as most people must know by now is experiencing economic collapse. President Carlos Menem decreed on July 9 that all state services would have to go up in price by several hundred per cent; water rates by rather more. The most recent water bill for the Financial Times office in Buenos Aires covers July-August. It shows a percentage increase of 185 per cent over the last bill, for May-June. And, according to water board officials, there is no mistake.

### Aussie wars

Kamarian infiltrators have been detected by a group of campers north-west of Kununurra, 50km inside Australia's northern coastline, suggesting a planned submarine and airborne enemy operation against



Australian installations."

So began a despatch yesterday from a correspondent of the Australian Associated Press, quoting an army spokesman. But it was not quite true: just the result of Kangaroo '89, a massive military exercise in northern Australia involving thousands of military personnel from home and abroad.

Kangaroo is organised by Australia and its western allies under the Labour Party Government's revamped defence policy. Based on the notion of self-reliance within a network of alliances, it presumes that Australia should be able to defend itself against "low level conflicts," while having the capacity to project itself in the South Pacific region and to give and receive allied support in dealing with greater dangers.

It has not taken a great deal of intelligence to work out that the mythical state of Kamarian is probably Indonesia, though the Australian military would never admit it in public. But it is a fact that Kangaroo '89 was designed as a low level conflict, in this case over oil and fishing grounds in the Timor

Sea, which lies between Australia and Indonesia.

In recent days, Darwin has seen one of its largest naval fleets lying in its spacious Sydney-style harbour. For older people, that is evocative. The town was heavily bombed by Japanese aircraft during the second world war. For younger people, it is more contentious. According to reports yesterday, also carried by Australian Associated Press, some Darwin children have formed the impression that a real conflict is under way.

### Plessey jinx

Roger Gill, the Director of Strategic Planning at Plessey, is beginning to think he is jinxed by junk mail. Two weeks ago he received a letter from British Telecom trying to sell equipment that Plessey had itself produced and "suitable for a small business like yours."

Yesterday his mail included a press notice from the Department of Trade and Industry stating that the Government was allowing the GEC-Siemens bid for Plessey to go ahead, and an invitation to a one day seminar on "Coping with difficult people at work."

### Dear Ratty

There is still wind in the willows. Listen, if you want to am, where Kenneth Graham's book is being beautifully read by the actor, dramatist and satirist, Alan Bennett. Almost nothing that Bennett has written himself is quite as good as Rat talking to Mole, and the way he reads it. Yesterday was the terrors of the wild wood; there are seven episodes to go.

### Well pitched

Seen in the window of a Leicester camping store during a January sale: "Now is the winter of our discount tents."

## REGUS EXECUTIVE OFFICES - RENTAL BY THE HOUR

# Why do business in a hotel room, when you could do it in your own office?

For the out-of-town businessman, the hotel bedroom is certainly a great place to start the day and end the day - but, it's hardly the perfect venue to carry out the business of the day.

Now, there is an alternative to files scattered on beds and uncomfortable meetings around cramped coffee tables. The Regus Centre on Trafalgar Square at No. 1 Northumberland Avenue - a prestigious centre for business where high quality executive offices are available to rent by the hour, the day or the week, according to the needs of the visiting businessman.

A fully integrated corporate environment including a conference centre and recruitment agency, where professional multi-lingual staff are on hand to take care of anything from sending a fax to arranging a business function for you and your colleagues in the 5 star club restaurant.

Next time, let your hotel be your temporary home, and let Regus be your temporary office.

For further information, telephone Susie Lindsay on 01-872 5959, today.



The new US Deputy Secretary of Defence tells Lionel Barber about his plans for managing the Pentagon

Finding his way through the maze

Mission impossible is one view of Donald Atwood's job. As Deputy Secretary of Defence he is responsible for the day-to-day management of the Pentagon, a bureaucratic labyrinth which has driven many of his predecessors to despair.

Each working day, the Pentagon receives 400 written inquiries and 2,500 telephone calls from Congress. On average, the Defence Department conducts 15m transactions a year, supervised by more than 150,000 people, including more than 28,000 auditors and inspectors.

Each working day, the Pentagon receives 400 written inquiries and 2,500 telephone calls from Congress. On average, the Defence Department conducts 15m transactions a year, supervised by more than 150,000 people, including more than 28,000 auditors and inspectors.

Far more daunting, he says, is the mistrust which exists today between the Pentagon, Congress, and the US defence industry, a poisonous atmosphere created by the procurement scandals of the past few years.

The management team at the top has clearly defined responsibilities, with Mr Cheney, a former Republican Congressman from Wyoming, dealing with Congress and with the President, and Mr Atwood, the businessman, in charge of day-to-day management.

The question is whether the proposed streamlining can prevent a recurrence of the rivalries which have halted previous reform efforts, particularly in the area of procurement where the contracts at stake are large enough to keep companies profitable for decades.

Mr Packard's recommendations, largely repeated in the Cheney-Atwood management review published this month - focused on three broad areas: creating a defence under secretary for acquisition; establishing a better decision-making process; streamlining the chain of command for programme managers.

The first defence under-secretary for acquisition, a former top Bechtel Corporation executive by the name of Richard Godwin, did not really make it past step one, and left within a year.



Donald Atwood: has daunting job of reforming the labyrinthine Pentagon

Of even greater concern to Mr Atwood is how recent procurement scandals have generated such public hostility towards the defence industry that the Pentagon and Congress have over-reacted - by increasing regulation and shifting unreasonable burdens to the contractors.

For example, the Pentagon under Mr Caspar Weinberger stepped up the number of auditors and inspectors from 19,000 to 28,000. At General Electric, Mr Atwood likes to recount, some 200 Air Force personnel watch GE make engines - the kind of "micro-management" which encour-

ages delays, irritates manufacturers and creates what he describes as "no-work".

Defence contractors' difficulties have been mounting since the Pentagon's decision to cut the profit margins on negotiated contracts, to reduce progress payments and to require contractors to invest more in tooling costs. Equally damaging in the long-term, the Pentagon cut reimbursable expenses for independent research and development, and moved toward fixed-price contracting - which forces contractors to bid for programmes before full-scale engi-

neering and development has been completed. Together these decisions - largely imposed for political expediency rather than financial sanity - have created severe cashflow problems for a once highly profitable industry.

Mr Atwood wants to reverse course: "What happens (with fixed price contracts) is that you don't put the manpower on, you don't do the testing, you don't do the audits that you need to do to have a simpler design, a viable design, a higher quality design, which saves money in production, maintenance and logistics."

There is a second concern: "Industry has not had the incentives to make long-term investments. Industry is therefore not as up-to-date in new technology as it should be. We need to give them incentives, longer-term funding, multi-year budgeting, so they will invest."

His parallel is with Vauxhall UK in the late 1970s, where trade union unrest and a lack of confidence in the British economy raised doubts about GM's commitment to its subsidiary. "Now people are very happy to invest in Britain. We need the same kind of turnaround here in the US, to encourage industry to make investments in their own factories."

To make comparisons between the Britain of the late 1970s and the US of the late 1980s is, at first sight, surprising. But like many other businessmen, Mr Atwood says he is concerned about the health of America's industrial base and the threat from foreign competition, particularly from Japan (which he has witnessed first-hand in the car industry): "People are aware they no longer have the great technological lead of the past decades, they feel, in some areas, they no longer have a great manufacturing lead. They are worried about it - and they want to work on it."

This does not mean that Mr Atwood advocates an industrial policy or a greater role for the Pentagon in directing such a policy. He rejects, for example, federal funding for high-definition television which was favoured by Mr Robert Moebsacher, US Commerce Secretary. Nor does he feel that it is the Defence Department's business to interfere if defence companies either merge or go out of business. "Perhaps we don't need all the companies we have. Maybe there will be some contraction; maybe the strong will survive and the weak will drop out - but that's nature."

It is an unsentimental attitude, in keeping with the style of a man who speaks in a detached matter-of-fact manner even though billions of dollars are at stake and more than 3m people (including the armed forces and civilian personnel) are under his management. Mr Harold Brown, President Carter's Defence Secretary who tried and failed to impose tighter controls on defence spending, suggested shortly after leaving office that the Pentagon was beyond reform. Mr Atwood is out to prove that this mission is indeed possible.

LOMBARD

The teenager's trade guide

By Samuel Brittan

BECAUSE of dock strike distortions the June trade figures added little to the sum of human knowledge. Nevertheless, the attempt to squeeze some information out of them produced useful lessons for my teenager's guide.

As usual the sensible starting point is not a single month, but a whole quarter. Comparing the first with the second quarter of 1988, there was indeed a slight narrowing of the current deficit from an annual rate of £19.3bn to one of £18.3bn.

Slightly more than half the improvement was due to invisibles, which we cannot take too seriously, as the second quarter of the year is merely a projection. To go any further, we need to look at trends in "visible trade other than oil and erratics" given in Table 7 of the Press Notice. This shows that export values increased by 3 1/2 per cent in the second quarter, while import values rose by only 2 1/2 per cent.

But we should not stop here. For a trade gap narrowing based on export prices rising faster than import prices - in other words improving terms of trade - is not usually sustainable.

To get at the underlying trend we need to look at the final two columns of the table, which give volumes. Here the trend does not appear so good. For exports rose by 1 per cent and imports by 2 1/2 per cent.

But at this point I came across a puzzle. For if trade values improved and volumes deteriorated, we should expect to find a rise in the terms of trade. Yet the terms of trade index (calculated by dividing export unit values by import unit values) fell by half a per cent.

The solution to this puzzle turns out to be that the price indices used to convert value into volume are not the same as the ones used to calculate the terms of trade. The former are weighted by current trade, while the latter are base weighted, and the former do indeed show a rise.

How far can the disappointing second quarter volume behaviour be explained away by labour disputes? The clue to

the tortuous official explanation is that a stoppage temporarily helps the trade balance, while a return to work harms it.

The reason for this topsy-turvy conclusion is that imports are recorded straight away, while export recording may be delayed up to two weeks from shipment.

The dominating feature in June was not a strike, but a return to work after unofficial action. This was not the only feature at work, as there may have been a speeding up of trade volumes in both directions earlier on, in anticipation of strikes.

The least bad procedure is to take a slightly longer period and compare the second quarter with the final quarter of 1988. This shows the volume of exports (excluding oil and erratics) up by 7.1 per cent, while imports rose by 5.3 per cent. But I would not go to town on this trend.

We are not, however, out of the wood yet. For an official dock strike took place in July which started to crumble at the end of the month and has now been called off, although the return is incomplete.

According to David Walton of Goldman Sachs the effect of an on-going strike is favourable to the trade balance because Scheme ports are used more for imports than for exports. The DTI is sceptical. But an additional incontrovertible point is that an equal proportional cut in both exports and imports helps the trade balance because visible imports are so much larger than exports.

Putting all these distortions together, Mr Walton believes the published current deficit could show a completely phoney narrowing from £1.5bn in June to say £0.9bn in July. This could in turn be followed by an equally phoney "shock horror" widening to up to £2bn in August as a result of the one-sided effects of a return to work; and it will not be until September at the earliest that the distortions are unwound.

If the teenager has now learned to refrain from instant comment on the trade figures, some good could yet result from these complications.

LETTERS

Crisis in debt

From Mr John Denham. Sir, Increasing provisions may protect UK banks from the "darkening outlook" Sir Jeremy Morse of Lloyds Bank sees for third world debts.

The questions which Sir Jeremy and other leading bankers do not address are why the outlook continues to darken, and what responsibility banks must bear if the future is to be anything but a disaster for people in the debtor countries.

The crisis remains because the starvation of investment and demand have made sustained growth in the big debtors impossible. In six years the "heavily indebted middle income countries" have transferred a net \$135bn to their creditors. The human costs have also been immense - an additional 100,000 child deaths a year in Latin America, according to UNICEF.

Restored growth is essential in both human and economic terms. The World Bank believes that 4 per cent to 5 per cent annual growth in the debtor countries is the minimum needed for the international debt strategy to succeed.

The most recent World Bank analysis, on highly optimistic assumptions, is that the large debtor countries require a net \$20bn in new finance each year to achieve this growth. Even allowing for an increase in official funds and direct investment, the commercial banks will have to provide a net \$9bn a year.

United we spend

From Mr Peter J. Welch. Sir, May I flesh out Mr Michael Green's idea ("Frying by Mars bar", Letters, July 28) arising out of planning his holiday currency needs?

- European governments should: - Make the Ecu (European unit of currency) legal tender; - Empower central and other authorised banks (and others, such as oil companies, with sufficient capital bases) within sensible limits, to issue notes and coin and similar payment instruments such as credit card transaction vouchers and traveller's cheques in Ecus (they could have a standard format, with provision for the issuer's logo in some suitable, regular place); - Encourage, through the tourist authorities, the dual pricing of petrol, hotel rooms, meals and so on, in both local currency and Ecus. This would allow consumers

BT on the world stage

From Mr John Raisman. Sir, I was disappointed in a number of comments made by Lex (July 31) about British Telecom's overseas acquisitions. It may be that some people regard British Telecom as a lobbying giant, but I doubt if that is the view of many of our competitors or, indeed, of our large customers today.

Time will tell whether the acquisition of a majority share in Mital in 1985 was well or ill judged. What is certain is that the company is now in profit, and that it has an excellent range of products.

Neither that decision nor the decision to buy a 20 per cent stake in McCaw were made in expectation of a quick payback, but because they were judged to be significant in terms of strategic positioning and long-term profit potential in key sectors of the telecommunications industry. Our acquisition of Tymnet meets the same strategic criteria, without any dilution of earnings in the short-term. Tymnet's products and market position should strongly complement and enhance BT's growing activities in the field of data communications and value added services.

It is certainly true that one reason for BT's interest in expanding its role overseas is the inevitable erosion of its market share in its domestic

market as a result of the growth of competition in the UK. More importantly, however, it is in pursuit of BT's legitimate aspiration to become an important world telecommunications player, a role which its strengths, skills and international reputation fit it well to fulfil.

At the present stage of telecommunications developments in key countries of the world, BT has some exceptional opportunities to build a position of long-term strength and global coverage. Would our shareholders really prefer us to turn our backs on these opportunities and confine ourselves to a diminishing share of the UK domestic market? I and my colleagues on the board of British Telecom take leave to doubt it.

It would be ironic if a non-European bank such as American Express or Citibank were to lead the creation of a consumers' Ecu and, despite, at least to some extent, the frequently hollow arguments by both the hard-line Thatcherite "little Englanders" and the Debris (or is it Delorites?) centrals.

All power to consumers and to Mr Green, Peter Welch, Frankfield, Springfield Lane, Marlow, Buckinghamshire

Managing share information

From Mr John Willett. Sir, The Stock Exchange's proposal to share the ownership of a new clearing house is described as a big concession, yet it leaves small shareholders and private investors' interests on the sidelines - as usual.

All too often, it seems, the Stock Exchange needs to have its arm twisted before it will liberalise or modernise its attitudes, structure and practices.

In its well-founded report earlier this year the Group of 30 raised the matter of separating settlement systems from what it termed a securities depository. Important questions of ownership were raised, as well as the implied option of parallel and competing systems.

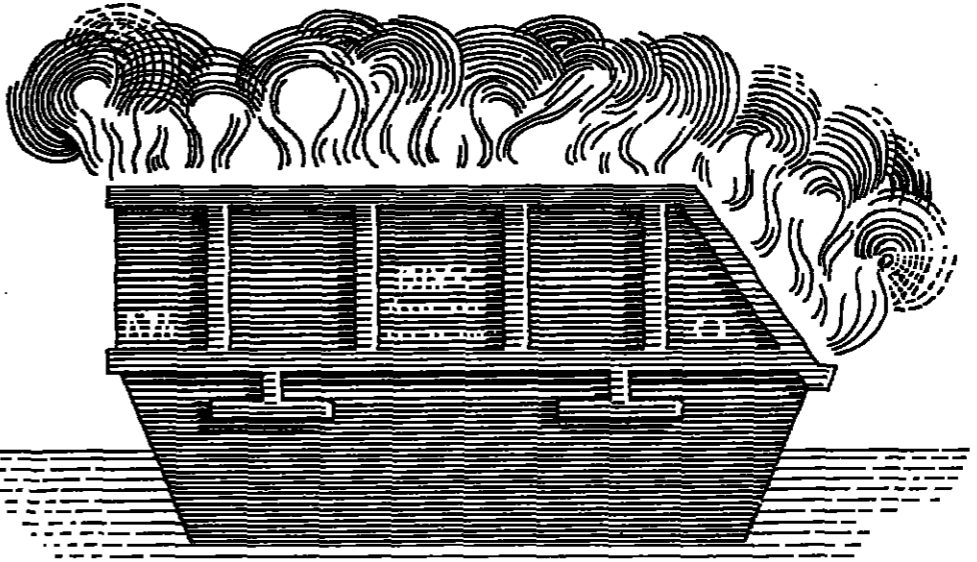
The UK Government has previously indicated, I believe, that it does not see the Companies Registration Office (CRO) as a suitable candidate for privatisation. Why not spin off and strengthen that part of its present activities that could form the basis for the Central Securities Depository?

Presumably the CRO will be retaining its statutory duties relating to share registers anyway. There seems to be an arguable case for developing what would be a public service, independent of the Stock Exchange. Wider share ownership - that well-known numbers game - has failed to develop into a movement which truly participates in the UK brand of democratic capitalism. Healthy markets cannot survive without a free flow of good quality information.

We are approaching yet another significant change in the structure and operation of equity markets. Care and effort should be given to strengthening the concept of public domain information and rationalising the price and accessibility of such information.

The future management and distribution of market information is at issue here, just as much as the creation and ownership of a modern settlement facility. John Willett, 6 Two Acres, Blith, Workson, Nottinghamshire.

The last place you'd expect to find your mailing campaign.



Why take the risk?

BE SAFE. BE SURE. MAIL WITH SR.

Call Kathleen McNeil on 01 692 7575. Fax 01 692 8057.



SR COMMUNICATIONS PLC THE ONE STOP DIRECT MARKETING SERVICE

SR House, Chichester Street, London SE18 1SR. Tel: 01 692 7575. Fax: 01 692 8057

Bostwick Industrial Doors advertisement with contact information.

FINANCIAL TIMES

Thursday August 3 1989

Overseas Moving by Michael Gerson advertisement.

Spreading the green gospel in Brazil

Ivo Dawnay examines consequences of deforestation of the Amazonian rain forest

AS sweltering Europeans wonder whether the summer is a sinister consequence of global warming, a diminutive Brazilian civil servant has been zig-zagging across the Amazonian rain forest looking for fires.

This week, Mr Fernando Cesar Mesquita, overlord and chief co-ordinator of Brazil's new ecology policy, interrupted his aerial search to bring good news to an international symposium on the region at São Paulo University.

Ten hours of flying over the forest had revealed a far better outlook than had been expected, he claimed. Illegal clearances by fire are minimal with only seven substantial sites, none major, located.

The 5,000 fire centres detected by satellite observation at the National State Research Institute (INPE) must be little more than "backyard barbecues", he said.

However, the annual burning period is beginning about now, taking advantage of the dry season. Some fear that Mr Mesquita's cheery analysis may be premature. This is not the first time that INPE's data has been challenged, but it is the first that its findings have been considered an overestimate.

While the highest claims for deforestation allege that as much as 14 per cent of the original 5m sq km primary forest in Brazil has been destroyed, INPE had stirred controversy this year by offering the lowest hypothetical figure: 5.6 per cent.

The only real consensus among the 200 scientists, technicians and lobbyists at the conference this week, "Amazonia: Facts, Problems and Solutions", is that there are a great deal more of the latter than of the first.

Prof David Hall of King's College, London, told the meeting:

That view appeared to be more than born out by the reaction to several other speakers. Dr Volker Kirchhoff, director of INPE's ozone laboratory, was greeted by general scepticism when he argued that wrong methodology had led to overestimates by a factor of 100.

Also, contribution of biomass burning to emissions of carbon into the atmosphere. Some theories claim that the impact of total global biomass burning roughly equalled the 640m tonnes a year of carbon emitted by vehicle exhausts, but in reality it was less than 10 tonnes, he said.

However, the explosion of concern abroad last year about the Amazon rain forest is now strongly echoed in Brazil.

Also, Brazilian scientists, including Dr Kirchhoff, are much alarmed by the potential impact of destruction on the domestic climate, let alone the globe.

Studies by soil and hydrology scientists, such as Prof Eneas Salati, suggest that flows of water vapour dispersed beyond the region by the Amazon's pump-like precipitation and evaporation cycles are beginning to be affected. This threatens to jeopardise the evolution of highly prolific farming to the south-east of the rain forest - targeted as the areas for expansion of output for big monocultures.

"By far the biggest problem," Prof Salati told the conference, "is that, once the alteration takes place and the forest cover is removed, it is almost impossible to return to the previous position."

If appeals to commonsense fall on deaf ears, then the scientific community can add a compelling economic argument for better forest management.

All this gloomy news ignores, however, that a change appears to have taken place in the Brazilian Government's attitude to its enormous vegetable patrimony.

Even as recently as six months ago, Brazil's main preoccupation seemed not so much with conservation but rather with combating the unprecedented international criticism the Government was undergoing. That was understandable, given the atrocious pollution records of the developed world where most of the critics live.

Today, however, with the



AMAZONIA ESTÃO ROUBANDO O VERDE DA NOSSA BANDEIRA

"They are stealing the green from our flag," say Brazilian campaigners evoking nationalism in an ecological cause

ment's attitude to its enormous vegetable patrimony.

Even as recently as six months ago, Brazil's main preoccupation seemed not so much with conservation but rather with combating the unprecedented international criticism the Government was undergoing. That was understandable, given the atrocious pollution records of the developed world where most of the critics live.

Today, however, with the hue and cry temporarily abated, it seems that minds are beginning to concentrate seriously on the issues. The more astute politicians in Brazil may still regard the environment as a modish affectation, but the educated urban public, struggling to work in some of the most polluted air in the world, is taking up the cause.

So it is now arguable that the most formidable enemy of the rainforest is no longer ignorance but a simple lack of resources, compounded by Brazil's chronic public sector deficit and soaring inflation. There is no cash.

As one foreign diplomat put it: "They have horrendous problems, but they have not sat on their hands and they are trying to get the infrastructure for conservation together. The real problem is the Brazilian public sector as a whole."

To police a region substantially larger than the European Community, Mr Mesquita's agency has, at best, 500 men. In the far-western state of Acre, they are being shot at by land barons in neighbouring Rondônia, some of the worst devastation, there are not even the funds to fill their pick-up trucks with petrol.

In the light of this crisis of resources, offers of technical aid from visiting politicians, like British minister Mr Christopher Patten, while welcome, merely scratch the problem. A welcome legal measure within Brazil, such as an end to fiscal incentives for forest destruction, will do little to halt the activities of many frontier people living beyond the reach of any ecology-oriented law or enforcement.

This year, INPE believes, forest destruction will total less than half the 48,000 sq km levelled in 1988.

As a former presidential press spokesman, Mr Mesquita has proved admirably suited to the formidable public relations task of spreading the green gospel. Policing the new policy, however, will require hard cash - a large portion of which, many believe will have to come from Brazil's critics abroad.

As several Brazilian politicians have remarked: "If the Amazon is a world resource, the world will have to pay for it."

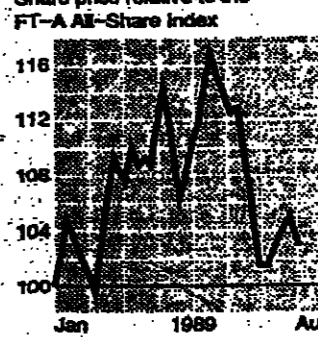
A martyr of the Amazonian forests, Page 6

Cheap water for a thirsty City

THE FIN COLUMN

Blue Circle

Share price relative to the FT-A All-Share Index



There is a natural temptation to exaggerate its potential. As with DIY, it may be that growth is there in the long run, and that the problem is only one of demand positioning. But the fact is that the trough in demand is coinciding with the high point of financial strain.

This is not to say that MFI's future is seriously in doubt. As with Eurotunnel, a project this size has the bankers at its mercy. The question is rather what all this will do to the buy-out movement. Not much, perhaps, the same bankers herd instinct which gave us the LDC debt crisis may be at work again. Though rumours of buy-out trouble are no longer confined to the retail sector, the same symptoms have been apparent for some time in the US, with no obvious deterrent effect.

Blue Circle

There is some logic, but only some. In Blue Circle's urge to recycle cement-making cash flow into building a new empire from gas-boilers and bathroom towel-warmers, instead of the restoration of the £12m bid for Myson sounds plausible enough. It would be fatuous to urge Blue Circle to concentrate solely on cement, since the UK market is approaching a demand plateau around its 1973 all-time high of 20m tons, and Blue Circle has already tried the alternative of exploiting Third World markets.

Given that Blue Circle now owns the Birimid Qualcast lawnmower and heating business, it cannot be silly to build market share by joining Birimid's Potterton gas and oil boilers with Myson's and there is even the odd synergy, stemming from Potterton's cast-iron stoves.

It is tempting to regard MFI's latest difficulties as symptomatic of leveraged buy-outs in general under the Lawson regime. But the real question is why furniture retailing - a business peculiarly vulnerable to high interest rates - has figured so prominently in the UK buy-out culture. Lowndes Queensway has already missed its first dividend forecast, and will be lucky to trade at a profit in the current halt; and Magnet, now busy firing up its financing, is working on earnings projections which may already be looking shaky.

MFI's risk was compounded from the start by its integration back into manufacturing, which made it highly geared operationally as well as financially. But the furniture business in the UK - both manufacturing or retailing - is so fragmented and inefficient that

Argentina clears way for talks with UK

By Gary Mead in Buenos Aires and Robert Mauthner, Diplomatic Correspondent, in London

DIRECT talks between Britain and Argentina could take place this month after Argentina's decision to drop a seven-year-old ban on imports from Britain.

The two countries are moving closer to rapprochement than at any time since the Falkland Islands conflict in April 1982.

There is speculation that any direct talks between the two countries would be conducted in the US and in mediation, but it is believed that an agenda has still to be formulated.

Although no agreement over the disputed sovereignty of the Falkland Islands is in prospect, Argentina has proposed placing the issue under an "umbrella" while talks take place.

The restoration of air traffic rights, also severed since the Falkland Islands ban, is believed to be in prospect. British Airways was yesterday reported to be reviewing its flight schedules amid the possibility that services to Buenos Aires could be resumed as early as October.

Lifting restrictions on UK exports was a key British priority for the improvement of bilateral relations. The decision, announced late on Tuesday evening by Mr Domingo Cavallo, Foreign Minister, means that British goods will once again be placed on the same footing as imports from other nations.

Mr Cavallo said that the removal of the ban is part of President Carlos Menem's aim to eliminate "obstacles which increase private companies' costs and which hinder the possibilities of national development."

He added: "We do not expect any response (from the British Government); we have evaluated the situation and consider that it suits Argentine interests to make this announcement at this time."

Britain welcomed the decision, and reiterated its willingness to move to more normal relations with Argentina.

A British Foreign Office spokesman in London yesterday described the Argentine decision to lift trade restriction

as "a helpful move." But it refused to give any indication when, or even whether, direct talks would take place.

UK officials confirmed, however, that there had been indirect exchanges between the two countries recently through the established channels of the US, Brazil and Switzerland.

Britain also wants to see an end to the Argentine state of hostilities. Britain declared an end to hostilities after the Argentine invasion force was ejected from the islands by the British task force.

Mr Cavallo repeated earlier on Tuesday that Argentina is not about to follow suit. He gave as a pre-condition the lifting by Britain of an "exclusion zone" around the Falklands.

W German monopolies chairman resigns

By David Marsh in Bonn

THE CHAIRMAN of West German monopolies Commission, Prof Ulrich Immenga, yesterday announced his resignation over disagreement with the proposed aerospace and defence merger between Daimler-Benz and Messerschmitt-Bölkow-Blöhm (MBB).

In the latest twist to the year-long controversy over the takeover, Mr Immenga decided to step down after the commission voted in conditional favour of the deal. In a report drawn up to help the Economics Ministry decide next month whether the takeover should go ahead, the advisory body ruled that the merger could be allowed, provided that Daimler sold off important parts of its military business.

The commission said that Daimler, which is bidding to become West Germany's most important defence technology group, should divest itself of either its military engines activities or other armaments operations, such as missiles, and defence electronics.

Daimler and MBB immediately rejected the suggested conditions. They said last night that the proposed terms - which are not binding on the Government - went against the "concept" of the takeover worked out with the Economics Ministry in negotiations over the past two years.

The five-strong body's conditional vote in favour of the deal was four-to-one, Mr Immenga dissenting on the grounds that it would still lead to a fundamental distortion of competition. The Götting-based professor, who has constantly railed against the Daimler-MBB transaction in recent months, said he was quitting because of deep-seated disagreements with his colleagues which went beyond the specific Daimler-MBB case.

The commission also took issue with the dominant role in the merger, played by Deutsche Bank which owns 28 per cent of Daimler. Although the commission recognised it had no power to make proposals in this area, it said the Daimler-MBB transaction would be easier to approve if Deutsche first sold its stake in the Stuttgart-based motor group.

The Daimler-MBB deal was rejected by the Federal Cartel Office in April. Mr Helmut Haussmann, the Economics Minister, is likely next month to overturn the office's veto, provided Daimler and MBB make some concession to allay public disquiet over the competition implications of the deal.

Kiszcak elected Polish PM after revolt crumbles

By Christopher Bobinski in Warsaw

GENERAL Czeslaw Kiszczak was elected Poland's Prime Minister yesterday by the Sejm, the Parliament's lower house, after the collapse of a revolt against him by Communist and pro-Communist deputies.

About 237 legislators voted for the general who was the Interior Minister since 1981 when martial law was imposed, and who remains associated with the crackdown in the minds of many Poles, while 173 - mostly members of the Solidarity-based opposition - voted against his re-election.

Under the compromise agreement negotiated earlier this year by Gen Kiszczak and Mr Lech Walesa, the Solidarity leader, there is a built-in 65 per cent majority in the Sejm for a bloc of "official" parties consisting of the Communists and two allied groups - the Peasant and Democratic parties.

Last Tuesday, a majority of Peasant Party deputies and some Communist members said they would vote against Gen Kiszczak, who was nominated by President Wojciech

Jaruzelski. The Peasant's revolt fizzled out after Communist leaders reminded them they owed their seats to their position as allies of the ruling party. The number of Communist dissenters was also reduced to a handful when it came to the vote.

Mr Kiszczak said, however, that the Peasant's would continue to play an important role in the new Parliament because neither the Communists nor Solidarity could command a majority without their support.

Gen Kiszczak is expected to give the Peasants an increased share of ministerial portfolios. Before the vote, Gen Kiszczak pledged to work with a new parliamentary committee - with equal representation for Solidarity and the authorities - which would closely oversee government policy.

Parliament also voted yesterday to set up a special committee to inquire into the record of the outgoing government led by the former Prime Minister, Mr Mieczyslaw Rakowicki, who is now the Communist Party leader.

Siemens-Soviet venture

Siemens has signed an outline agreement with the Soviet Post and Telecommunication Ministry to form a joint venture to modernise the Soviet telephone network, writes David Goodhart in Bonn.

It is the second potentially significant deal with the Soviets since the visit by Mr Mikhail Gorbachev, Soviet Premier, to Germany in June. The earlier agreement was for the delivery of DM 1.5bn (800m) worth of Siemens personal computers.

Few details of the telecommunications joint venture

could be finalised, but it could represent an enormously valuable slice of business. Mr Norbert Boecker at the Siemens headquarters in Munich said that details may be available before the end of the year.

It appears that Siemens will be manufacturing its digital switching system - the EWSD - in the Soviet Union, for attachment to the Soviet network. It will also make digital equipment for local calls.

Siemens often boasts of its long relationship with many different Russian Governments going back over 150 years.

have been finalised, but it could represent an enormously valuable slice of business. Mr Norbert Boecker at the Siemens headquarters in Munich said that details may be available before the end of the year.

It appears that Siemens will be manufacturing its digital switching system - the EWSD - in the Soviet Union, for attachment to the Soviet network. It will also make digital equipment for local calls.

Siemens often boasts of its long relationship with many different Russian Governments going back over 150 years.

Plessey's rivals begin to close in

Continued from Page 1 276p. GEC closed 2p up at 270p. GEC, Siemens and their merchant bank advisers spent yesterday locked in discussions over when to relaunch a bid and at what price. There seems no serious possibility that they will withdraw from the fray.

Discussions will continue today with Mr Karl-Hermann Baumann, Siemens' finance director, flying to London.

The main options are to go for a quick kill or to wait until the end of the three-week

period. It is believed that no decision has been taken but that the mood within the GEC/Siemens camp is slightly in favour of the quick kill.

An early strike would seek to try and stop the upward drift in Plessey's share price. Under this option, a bid could be pitched at a small discount to the current price.

The purpose of waiting the full three weeks would be to rattle shareholders' nerves in the hope that the share price would come down.

Fleet backs diplomacy

Continued from Page 1

Beirut and himself a Moslem, unless Israeli releases Sheikh Abdul Karim Obeid, a Shia leader who was kidnapped from southern Lebanon by Israeli commandos on Friday.

The deadline was extended by 48 hours on Tuesday following what the group said had been "friendly appeals".

ineffectiveness of US efforts. Meanwhile, Mr John Kelly, the US assistant secretary of state, discussed the hostage crisis with Israeli leaders at the start of a previously-scheduled visit to Israel.

He said Israel and the US were co-operating "very closely" on the issue. Israel has rejected US requests to release Sheikh Obeid. But Mr Yitzhak Rabin, the Defence Minister, repeated an Israeli offer to exchange Lebanese Shia prisoners for Israeli and Western hostages.

ADVERTISEMENT

NEWS REVIEW BUSINESS BAPT approval for Zonophone advertisement.

ENERGY MANAGEMENT Ranger for Belgium advertisement. CAD/CAM Mazurka leads the way advertisement.

WORLD WEATHER table listing weather conditions for various cities including Moscow, London, New York, etc.

**VEHICLE CONTRACTORS GO WILE INTERESTING**

North Midlands South  
Tel: 0522 7110 0094 Tel: 0202 322 4222 Tel: 07753 22387

**IMI**  
for building products, drinks dispense, fluid power, special engineering, refined and wrought metals.  
IMI plc, Birmingham, England.

**INSIDE**

**One step forward, one step back**

Tadiran, Israel's top consumer and defence electronics producer, is poised to announce an unexpectedly sharp first-half loss of \$75m, dealing a damaging blow to the efforts by Koor Industries, its parent, to overcome huge debts. Officials at Koor - the country's largest industrial concern, which staged off a liquidation threat in early June - said the Tadiran results would turn a prospective break-even performance for the first half into a group loss about equivalent to the deficit at Tadiran. **Page 22**

**Unsung success story**

Manganese is not one of the most exciting of minerals. Nor is it particularly well known. Yet the current world steel boom is making it increasingly important. Chris Sherwell reports from the island of Groote Eylandt in Australia's Gulf of Carpentaria on how one of the world's largest and most efficiently mined deposits of manganese is boosting the profits of Groote Eylandt Mining Company and its parent, BHP, the country's biggest company. **Page 30**

**All the world's a stage**

The stage is the first love of Hugh O'Donnell (left), an actor-turned-stockbroker entrepreneur, who likes to use comedy to communicate with foreign colleagues in the tense world of gilt dealing. In between trades, he studies the script of his next play and plans the conversion of an old warehouse into a small theatre. For Mr O'Donnell, 41, there seems to be a lot in common between life behind a computer screen and life under the spotlights. **Page 42**

**Hard line looming**

The soft commissions arrangement - whereby goods and services are provided to clients in exchange for a promise to transact a minimum amount of business for which the provider earns a commission - is an increasingly popular, if somewhat controversial, practice in the UK. And, according to the results of a survey conducted by the Securities and Investments Board, the rules governing disclosure of these arrangements are inadequate and widely ignored. As a result there are likely to be tougher rules, writes Norma Cohen. **Page 25**

**Glynwed hits earnings target**

Glynwed International, the UK industrial group, yesterday revealed interim results in which it matched its low-lying 20 per cent earnings per share growth target. Glynwed is traditionally one of the first UK manufacturing companies to report half-year results and Mr Gareth Davies, chairman and chief executive, said economic conditions in the first half had been less favourable than during the same period last year. **Page 26**

**Market Statistics**

Base lending rates	38	London share services	36-37
Benchmark Govt bonds	24	London stock options	25
European options each	26	London inst. options	27
FT-A indices	35	Money markets	28
FT-A world indices	42	New mt. bond issues	29
FT Int. bond services	24	World commodity prices	26
Financial futures	25	World inst. issues	28
Foreign exch. rates	26	UK dividends announced	28
London recent issues	28	Unit trusts	29-30

**Companies in this section**

Arian	26	J Saville Gordon	28
Avon Products	23	Kentish Property	25
Barclays	27	Koor Industries	22
Beazer	28	MWHand Bank	28
Border Television	27	Mentimeter	28
British Petroleum	28	Meat Trade	28
Builder Group	28	Mollins	28
CH Industrials	28	Montedison	28
Cameron Iron Works	28	Morgan (J.P.)	28
Castrol	28	Norlander	28
Companhia VRD	28	Overns Abroad	28
Cooper Industries	28	RTZ	28
Dale Electric	28	Red Funnel	28
Douglas (Robert M)	28	Reverstar	28
Duro Industries	28	Sally UK	27
EMAP	28	Sheller-Globe	28
Eagle Trust	28	Shimeno	28
Elkern	28	Sherwin-Williams (Wm)	28
Erelson Trust	28	Tokyo	28
Erbarnott	28	Trafalgar House	28
Food Industries	28	URX	28
GEC	28	Western Mining	28
Glynwed	28	Wicksteed	28
Harcross	28	World International	27
Inspiration Res.	28	Yorkshire Chemicals	27

**Chief price changes yesterday**

FRANKFURT (DM)		PARIS (FFV)	
Deuts	201.3 + 5.5	Euro-Fx	1005 + 47.5
Basf	304 + 7.2	Oil	424 + 25.4
Bayer	373 + 9.8	Foreign	628 + 63.8
Beiersdorf	401 - 8.5	Gold	340 - 28.8
Bombardier	494 - 12	UK Govt	388.2 - 25.1
Bovis	520	Thames (PA)	1250 - 105.3
Chemie (AG)		TGS-CA (Ytd)	
Chrom	25 + 3	Rhone	1030 + 70
Elf	147.5 + 2.5	Rohde	150 + 13.0
Evonik	107.1 + 1.5	Sageon Pigman	1170 + 120
Flint	114.5 - 2.4	Shimano	4120 + 320
Heraeus	34.5 - 2.4	Pfizer	1070
IG		Sanofi-Synthelabo	2650 - 40

New York prices at 12.29

LONDON (Pence)		LONDON (Pence)	
Shell	230 + 0	P&L	205 + 15
Shell Sp	240 + 0	Reliance	200 + 10
BP	340 + 20	Unilever	208 + 10
BPCL	290 + 20	W&A	208 + 15
BPCL	290 + 20	W&A	208 + 15
BPCL	290 + 20	W&A	208 + 15

**Irwin Jacobs renews his pursuit of Avon**

By Anatole Kaletsky in New York

MR IRWIN Jacobs, the Minneapolis corporate raider and takeover specialist, has renewed his attempt to buy Avon Products, the world's biggest marketer of cosmetics and toiletries, the company disclosed yesterday. Avon said in a brief announcement yesterday morning that it had received a letter from Mr Jacobs on Tuesday night, asking for a meeting to "negotiate the possible purchase of the company."

The letter mentioned a "possible price of \$41 a share for Avon's common stock," although it added that Mr Jacobs had not yet arranged any financing for his offer. At \$41 a share, a bid for Avon would cost around \$2.2bn.

Wall Street remained sceptical about what appeared to be a tentative and conditional approach by Mr Jacobs and analysts predicted that Avon's board would almost certainly refuse to negotiate with him. It has stated frequently that "the company is not for sale." Avon said its board would review Mr Jacobs' letter today at its regular monthly meeting.

Reflecting investors' scepticism, Avon's share price rose only \$1 to \$36.75 by yesterday lunchtime, leaving an unusually large gap of 12 per cent below Mr Jacobs' reported offer of \$41.

Year as a result of Mr Jacobs' previous offer for Avon. This was made in partnership with Anway, a privately-held company which, like Avon, relies on a huge and highly-motivated salesforce to distribute its household products door to door. Mr Jacobs and Anway offered \$30 a share for Avon and were fiercely resisted by Avon's management, but the bid was widely welcomed on Wall Street.

Industry analysts on Wall Street had pointed out that considerable synergies might be achieved by combining the Anway and Avon direct salesforces and extending the range of products which they could offer. Arbitrageurs were enthusiastic because they believed that other bidders might be drawn into the battle for Avon, possibly pushing the price up towards \$50 or more.

Attention focused particularly on Japanese cosmetics companies, as well as Unilever, the Anglo-Dutch consumer products company which recently acquired Fabergé. Wall Street was stunned, therefore, when Anway and Mr Jacobs abruptly withdrew their offer in mid-May, citing Avon's "hysterical and irresponsible" opposition to the bid as its reason for not proceeding.

**Barclays mid-year profits drop 8%**

By David Barchard in London

BARCLAYS, the largest UK clearing bank, yesterday followed Lloyds and National Westminster in declaring mid-year profits lower than last year after heavy provision against Third World debt. However Barclays' profits were down by 8 per cent, not the 12 per cent reported by its two rivals because it has been able to keep its provisions at the relatively low figure of £233m (£386m).

Lloyds last week set aside £483m, while NatWest's total provisions announced on Tuesday reached £555m. As a result Barclays' pre-tax profits are down by only 8 per cent at £590m while NatWest's profits fell by half. The lower amount of provision reflects the difference between Barclays' loans to developing countries of £1.98bn and NatWest's £2.8bn.

Without the charge for bad debts, Barclays profits would have grown by 28 per cent compared to NatWest's 13 per cent. However Barclaycard, formerly a star performer in the group, is starting badly this year. Mr John Quinton, Barclays' chairman, said the bank had now provided against 48 per cent of its Third World debt and he hoped this would be the last time that large provisions were necessary, as opposed to "modest topping up."

Through Barclays says it has taken its provisions against problem country debt to exactly the same level as NatWest and Lloyds, its provisions do not cover its £577m exposure in South Africa. Mr Quinton said provisions against South African debt were unnecessary. A 48 per cent provision which included this would be "absolutely robbing the shareholder," he said. He added that there had been no collusion between the large banks in selecting levels of debt provision.

Mr Quinton echoed hesitations expressed by Lord Boardman, NatWest's chairman, on Tuesday about the Brady Plan for reducing Mexico's debt burden by a 35 per cent discount. "There are considerable worries about the Brady Plan," Mr Quinton said, urging that government bodies and international agencies "should take their share of the pain" of debt relief alongside the banks.

**MFI sounds out bankers on possible further loans**

By Stephen Fidler and Maggie Urry

THE LARGEST management buy-out yet completed in the UK has hit problems because high interest rates and the hot summer have combined to threaten about a sharp drop in furniture sales.

MFI, the furniture retailer which was the subject of a £718m leveraged buy-out by management in November 1987, is talking to its bankers about the possibility of raising further money.

Bankers are not questioning the future of the company. But they say the development shows the vulnerability of the controversial leveraged buy-out technique to trading downturns, particularly when it is applied to cyclical industries where companies' incomes are highly variable. "This is not the end of the road,

but you can bet banks are going to look more closely at this kind of deal in future," one banker said yesterday.

Mr Derek Hunt, MFI's chairman and chief executive, said yesterday that the company was faring better than many of its rivals.

Leveraged buy-outs are takeover financings which rely on the creation of large amounts of debt to be paid off by a company's income.

The extent to which MFI was missing its sales targets was made clear at a meeting of the bank creditors last week. According to bankers at the meeting, company sales were running at 82 per cent of the planned level for the current financial year which began on May 1. Mr Hunt declined to comment on the figure.

MFI has already announced it is cutting 1,200 staff to cut costs. In spite of this, trade creditors are being stretched to their limits, and a large interest payment to banks is due in the middle of this month.

Bankers said the extra cash which MFI might need was small at perhaps £30m and no decision had been taken on how it would be obtained.

The buy-out was financed by £190m of equity and the balance in loans syndicated to more than 25 banks by the London office of Chemical Bank of New York. MFI's former owner Asda, the food retail group, retained a 25 per cent equity stake in MFI and is involved in the talks. **Lex, Page 20**

**The heat is on in the British buy-out kitchen**

Stephen Fidler and Maggie Urry on MFI's difficulties

THE difficulties being faced by MFI, whose £718m (£1.18bn) leveraged buy-out is still the largest completed in the UK, contain at least two important messages for other British companies.

The first shows that the high interest rates policy of Mr Nigel Lawson, the UK Chancellor of the Exchequer, is biting as consumers scale back purchases of big-ticket items for the home. The second sends a warning signal about the dangers of corporate financings in cyclical sectors which rely heavily on leverage, the creation of lots of debt.

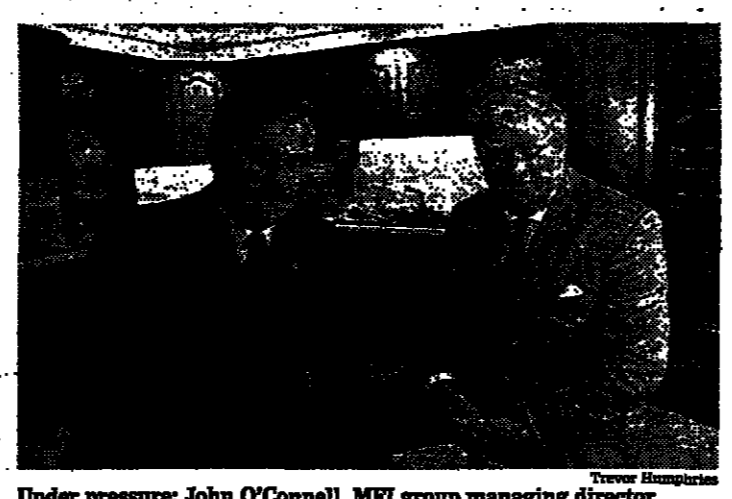
"If Mr Lawson is hitting his target, retailers like MFI are missing theirs," said one banker yesterday.

Nobody close to the company, including its bankers, believes MFI's difficulties are life threatening. The company, its creditors and shareholders are examining its financing arrangements to help it overcome its immediate problems.

With staffing levels pared back significantly to reduce costs, some trade creditors are said to be at the limit of their patience for further delays. An interest payment due to banks on August 15 must also be made.

National Westminster is understood to have agreed to a temporary increase in the company's overdraft but it is not yet decided beyond that how the company's cash shortfall will be resolved.

It is certainly in the interest of both banks and equity holders to ensure the company's survival over what the company is saying should be a short-term problem. "The banks are over a barrel here. They're not going to risk £500m for the sake of a few million more," a banker said.



Under pressure: John O'Connell, MFI group managing director (left), with Derek Hunt, chairman

For the first year following the buy-out the continuing consumer boom and the new image helped MFI to show strong rises in profits, beating the buy-out targets comfortably.

Last November, MFI bought Schreiber, a maker and retailer of more up-market kitchen and bedroom furniture, for £36m - the idea being to extend the range of customers to which the group's products appealed. The move was not in the buy-out plan, but trading was sufficiently strong at the time to allow it.

Even in January of this year, reporting interim results, Mr Derek Hunt, MFI chairman, was saying that business had so far been unaffected by the rise in interest rates.

Soon afterwards, trading conditions worsened, and sales in the last quarter of the year to April were poor.

Annual results for the year to the end of April revealed a drop in profits in the second half, with operating profits for the year, at £91.5m, missing the buy-out target of £100m. Mr Hunt sees it as almost inevitable that profits will be lower again this year, although he is confident that operating profits will exceed the interest charge.

When a retailer's sales turn down it has a severe effect on margins because of the high level of fixed costs. MFI says it took action quickly, starting on March 1. It clamped down on costs, reducing shop staff numbers mainly through natural wastage and in the Hygena and Schreiber manufacturing units not re-employing temporary workers when their contracts expired. Improved stock control has cut stocks by £5m, with much more expected by the year end.

High interest rates not only reduce consumer spending, they also affect highly-leveraged deals by pushing up the cost of the company's floating rate borrowings. MFI has, however, been able to place a cap on some interest costs.

MFI's difficulties are not likely to bring about an end to the leveraged buy-out phenomenon in the UK, but bankers say a re-examination of their exposure, particularly in the UK home retailing sector, is in order. Four of the largest buy-outs - Waring and Gillow, Lowndes Queensway, MFI and Magnet - have been in this sector, and questions will be asked about whether such a cyclical business is appropriate for these deals, which must rely on the certainty of cash flows.

All this will increase the nervousness of those now raising finance for the £530m leveraged buy-out for Magnet, the kitchen retailer. However, some bankers say they like the Magnet deal better, in part because it is better structured than MFI's.

One important difference between the Magnet and MFI deals is the amount of so-called mezzanine finance - a cushion of debt ranking below the senior secured loans and just above the equity. The Magnet deal contains £190m of mezzanine, a record at the time it was launched.

A bigger mezzanine tranche, say some bankers, would have made senior lenders much more secure in MFI. Indeed, one possibility might be to inject a new level of mezzanine-type finance into the MFI deal.

**Hollandsche Beton buys UK building group**

By Laura Raw in Amsterdam

HOLLANDSCHE Beton Groep, the largest Dutch construction company, has bought Kyle Stewart, the UK's biggest privately owned construction company, as part of ambitious expansion plans ahead of the 1990s.

HBC hopes to boost its relatively flat revenue of recent years and fortify anaemic profit margins with the acquisition, which was announced jointly by the two companies yesterday.

Neither would divulge the purchase price but securities analysts reckoned that HBC is paying around £30m-£40m, depending on the premium to be paid above the prevailing market valuations for the sector, goodwill and possible "golden handshakes" for Kyle Stewart executives. Kyle Stewart, founded in 1953 by Mr Robert Stewart, is involved in the construction of office buildings, public works and supermarkets.

It had profits of £24.9m on turnover of £114.5m last year. It expects turnover to surge to £190m this year.

The acquisition will boost HBC's revenue by about 13 per cent to more than £1.365bn (£1.75bn) this year while UK turnover will double to £350m.

In the UK, HBC already owns Edmond Nuttall, which it acquired in 1978, and HAM Dredging, which has been operating since 1928.

HBC already claims to be the most international of Europe's civil engineering companies.

The deal will take it to 19th place from 22nd now and its longer-term aim is to join the top 10. Its total workforce will rise by about 1,000 to 12,500 through the acquisition.

business dealings of certain Anway executives, Avon also criticised Mr Jacobs as "a well-known corporate raider who has not completed an acquisition for many years or any acquisition for significantly more than \$500m."

Wall Street analysts supporting Mr Jacobs pointed out, however, that a bid for Avon made good strategic sense for the Minneapolis investor. He already owns Watkins Products, another door to door sales company which specialises in home products. There was also the distinct possibility that Anway might still be interested in acquiring Avon, using Mr Jacobs as an intermediary, they said.

No layoffs are expected at Kyle Stewart. The Dutch builder expects higher research and development costs in the 1990s and wants a broader base with which to absorb these.

To tap the European single market, HBC plans to expand, through takeovers and organic growth, in the UK and West Germany until turnover there matches that of the Netherlands. Revenue in the Netherlands and Belgium will also be raised.

HBC is engaged in general and industrial building and housing, civil engineering, offshore structures, dredging, property development, oil and gas exploration and manufacture of industrial equipment and boilers.

These activities are expected to mesh well with those of Kyle Stewart, which also specialises in boiler installations.

The Dutch company will pay cash to the three owners of Kyle Stewart: Mr Stewart, the founder, Mr Sydney Morris, and Mrs Greta Fenston. These three directors have resigned while Mr John Truslar, managing director, will retain his post.

HBC intends to finance the acquisition out of cash flow and commercial borrowing, with no need for fresh equity.

The interest rate burden may increase but securities analysts consider the balance sheet healthy enough to absorb the costs.

The Dutch concern is still involved in an imbroglio with Volker Stevin, a rival Dutch construction and dredging group, which is fighting off HBC's unwanted advances.

Barclays' credit card profits tumbled from £49m a year ago to £19m, partly because of increased competition from other bank cards. **Lex, Page 20**

**Smaller listed and quoted companies**

Equity finance available for expansion, acquisitions and reconstructions



**B&C VENTURES**

Contact:  
Jon Hiflop or Richard Wevill, Joint Managing Directors  
B&C Ventures, King's House, 36-37 King Street, London EC2V 8BE. Tel: 01-726 4070  
Part of the British & Commonwealth Holdings PLC group

INTERNATIONAL COMPANIES AND FINANCE

Koor threatened by \$75m loss at Tadiran subsidiary

By Hugh Carnegie in Jerusalem

TADIRAN, Israel's top consumer and defence electronics producer, is poised to announce an unexpectedly sharp loss of \$75m for the first six months of this year...

Toyota to conduct a cultural revolution

By Kevin Done, Motor Industry Correspondent

TOYOTA, Japan's leading car maker, is radically restructuring its personnel and management systems with the aim of speeding up decision making and removing bureaucratic constraints...

California insurers to repay \$305m

By James Buchanan in New York

US INSURANCE companies were yesterday trying to come to grips with a demand by California's insurance commissioner that they refund over \$300m to their customers...

In the insurance business, many companies underwrite at a loss hoping to recover their costs from income gained on investing the premiums...

Inspiration to pay first dividend

By Kenneth Gooding, Mining Correspondent

INSPIRATION Resources, the North American natural resources group 56 per cent owned by Minorco...

Asarco, the largest US metal refiner and smelter, is the latest natural resources group to adopt a 'poison pill' plan...

USX forecasts lower sales in second half

SALES of USX, the US energy and steel group, are expected to be lower in the second half than in the first half of 1989...

World International lifts profit 22.7%

By John Elliott in Hong Kong

WORLD International, the top holding company of the Hong Kong property, transport and hotels empire...

from the disposal of long-term investments. World, 65 per cent owned by Sir Y.K. has a 40.1 per cent stake in Wharf (Holdings)...

Elkem boosted by strong demand and high prices

By Karen Fosell in Oslo

ELKEM, the world's biggest supplier of ferroalloys and silicon metal, posted a four-fold increase in first-half pre-tax profits before extraordinary items...

also rose to Nkr64m in the period though finished products fell to Nkr325m from Nkr432m.

MURRAY UNIVERSAL SICAV
Registered Office: Luxembourg, 14, rue Aldringen
Commercial Register: Luxembourg, Section B No 8.621
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

HIGHVELD STEEL AND VANADIUM CORPORATION LIMITED
(Interim Report for the six months to June 30 1989 and dividend notice)
Table showing consolidated income statement with columns for six months to 30.6.89 and year to 31.12.88.

Text block containing various articles and reports related to international finance and companies.

Murray Universal Sicav advertisement with detailed notice of annual general meeting for shareholders, including meeting agenda and contact information.

PepsiCo, Inc. has acquired Walkers Crisps Holdings Limited and Smiths Crisps Limited from BSN. The Blackstone Group L.P. August 1989.

INTERNATIONAL COMPANIES AND FINANCE

Erbamont's profits down 19% at halfway stage

By Alan Friedman in Milan

ERBAMONT, the Wall Street quoted pharmaceuticals manufacturer that is 72 per cent owned by Mr Raul Gardini's Montedison group, yesterday reported an 18.9 per cent decline in net profits for the first six months of this year, to \$29.7m.

research and development of new drugs. Earlier this week Montedison said it planned to offer cash and warrants to minority investors who control the 28 per cent of Erbarmont that is quoted in New York.

The Montedison offer, comprising 33¢ per Erbarmont share plus a warrant to buy Montedison stock that the company values at \$2, has already been criticised by some US analysts and Erbarmont investors as inadequate.



Raul Gardini: under fire from Wall Street analysts

mon, chairman of Wertheim Schroder and one of the independent Ausimont directors who rejected the original Montedison offer.

Counter-bid launched for Myson

By John Thornhill in London

A STRUGGLE for control of Myson Group, the UK boiler and radiator manufacturer, broke out yesterday as Blue Circle, the cement and home products company, launched a \$195.7m offer for the company and raised the stock market to buy 29 per cent of its shares.

per cent stake bought last week, Blue Circle now holds 28.5 per cent of Myson's shares. Yale and Valor holds a 8.25 per cent stake in Myson.

offer of about 221p, in convertible preference shares and cash. Yale and Valor, however, said that since its share price had risen to 345p, up 12p on the day, its offer now valued each Myson share at 236p.

Myson manufactures oil and gas boilers, gas fires and water heaters, radiators and domestic pumps. In 1988, it reported pre-tax profits of £22.6m on turnover of £169.6m. At the year end, net assets stood at \$44.5m.

JP Morgan seeks broadly based reduction in staff

By Anatole Kalitsky in New York

J.P. MORGAN, the fourth largest US bank holding company, said it would seek a "broad-based reduction" in its worldwide workforce over the next 18 months, in an attempt to improve its financial performance, which has been lagging that of other money-centre banks in the last few quarters.

stressed that some departments would continue to grow significantly while others shrank. Two operations selected for particular expansion were underwriting and trading in US corporate debt securities and financial advisory services around the world, Morgan said.

COMPANY NEWS IN BRIEF

HANOMAG, the Hanover-based construction equipment group, has confirmed that Komatsu of Japan, the world's second largest construction equipment company, has bought 24.9 per cent of its equity, writes David Goodhart in Bonn.

Brazilian group to invest \$4.2bn

By John Barham in Sao Paulo

COMPANHIA Vale do Rio Doce (CVRD), Brazil's largest mining company, is to spend \$4.2bn between 1989 and 1995 on new projects and diversifying away from iron ore.

pany is putting \$1.6bn into three paper and pulp projects in conjunction with private Japanese and Brazilian investors, who will put up a further \$270m.

The investment will be used to reactivate Alunorte, a dormant alumina unit, and double output of aluminium to 320,000 tons per year at Albras, a company part-owned with foreign investors.

Solid gain for Dyno Industrier

By Karen Fossil in Oslo

DYNO INDUSTRIER, the Norwegian diversified chemicals group, increased first-half pre-tax profits by NKr20m to NKr176m (\$25.7m) and forecast an improvement for 1989 as a whole.

Siemens to buy Arco Solar

By James Buchan in New York

SIEMENS, the West German electronics group, said it signed a letter of intent to acquire Arco Solar from Atlantic Richfield of the US. Terms were not disclosed, agencies report.

Cooper in \$600m move

COOPER Industries, an acquisitive Houston industrial group, is merging with Cameron Iron Works in a \$600m deal as part of the consolidation of the US oil service industry.

convertible preferred stock in Cooper at a rate of 0.55 of a Cooper share per Cameron share. The preferred stock, which carries a dividend equivalent of \$1.60 per Cameron share, values the company at about \$600m.

Fannie Mae advertisement containing details of three debenture offerings: \$800,000,000 at 7.75%, \$700,000,000 at 7.90%, and \$200,000,000 at 8.10%. Includes contact information for Gary L. Perlin and Linda K. Knight.

James Hardie Finance Limited advertisement for James Hardie Industries Limited. Includes details on US\$300,000,000 note issuance, underwriting banks, and tender panel members.

INTERNATIONAL APPOINTMENTS

Gist-Brocades announces chairman's replacement

By David Brown in Amsterdam

GIST-BROCADES, the Dutch biotechnology group, has appointed Mr. H.G. Scheffer managing board chairman, replacing Mr. G.J. Bresser, who resigned almost two weeks ago after a dramatic boardroom split.

There was no immediate word concerning a replacement for Mr. Scheffer on the three-member management team. DAIMLER-BENZ AG, the diversified West German motor group, named Mr. Werner Niefer chairman of its Mercedes-Benz of North America unit, succeeding Mr. Hans-Juergen Hinrichs.

Mr. Niefer, who is also vice chairman of the board of Daimler-Benz AG, had been chairman of Mercedes-Benz AG. KENNAMETAL, the US metals and tools group, appointed Mr. Robert McGeehan, formerly director of its metalworking systems division, as group president.

Chevron names chief financial officer

CHEVRON, third largest US oil company, has chosen Mr. Martin Klitten as its new chief financial officer. He will succeed Mr. Leland McGraw, who is to retire at the end of October after a 41-year career with the company.

Top management changes for Texas Commerce Bancshares

CHANGES AT the top have been announced for Texas Commerce Bancshares, the Houston-based banking group acquired by Chemical Banking, of the US, in 1987 when the former was struggling but survived a difficult period in general for Texas banks.

From a London base, he will be involved in the further development of Outokumpu's worldwide activities. These currently include mines in Ireland, Canada and Australia, together with a rapidly growing number of joint venture and exploration projects throughout Europe, the Americas and Australasia.

Amsterdam, a subsidiary. Mr. van Oord is a member of the board of managing directors and chief executive officer designate of Bührmann-Tetterode, the Dutch graphic paper distributors and office supplies and packaging products group. Until recently, he was chief operating officer of Hunter Douglas N.V.

RAYTHEON, the US defence contractor, named Mr. Dennis Picard president, replacing Mr. R.G. Shelley, who has retired. Mr. Picard was a senior vice president and also general manager of the company's missile systems division.

Mr. Ben F. Love, the Texas Commerce Bancshares chairman and chief executive since 1972, will retire in November on reaching the age of 65. Mr. Marc Shapiro, 42, will take over the chief executive's role and also become president.

THE NEW ZEALAND Wool board designated Mr. Grant Sinclair as its next managing director. He will take up the post on December 1 from Mr. Bernie Knowles, who is to retire.

INCO, of Canada, the world's largest nickel producer, announced the election of Mr. Anthony Sabatino as vice president and treasurer and Mr. Anthony Munday as vice president and controller.

Both have been Inco employees since 1973. Mr. Sabatino became controller in 1979 and Mr. Munday served as director, Canadian taxes, from 1982. Mr. Sabatino succeeds Mr. Ian Austin, who is joining Pacer Dome as senior vice president and chief financial officer.

OUTOKUMPU Resources, the international business development arm of Outokumpu, the Finnish state-owned natural resources group, has appointed Mr. Graham Mascall to the new post of general manager, new business development, writes Kenneth Gooding, Mining Correspondent.

SWISS BANK Corporation, Switzerland's second largest bank, appointed Mr. R.F. van Oord as an international adviser to its board of directors, and as a supervisory board member of Swiss Bank Corp Investment Banking in

THE STATE Bank of New South Wales, reflecting its rapidly expanding activities in the Australian corporate sector, appointed Mr. David Pollitt senior manager, corporate services, at its London branch. Mr. Pollitt, 38, was corporate services manager for Westpac Banking, largest Australian bank judged by global assets.

Mr. Quigg succeeds Mr. Glen Smith, who has left the bank. He will report to vice chairman Mr. Lewis Coleman, head of the bank's World Banking Group.

MAN GHH logo and advertisement for MAN Gutehoffnungshütte AG, acquired by Erwin Mehne GmbH & Co. Includes details of floating rate notes due 1995.

compagnie bancaire advertisement for floating rate notes due 1995, issued by The Long-Term Credit Bank of Japan, Limited, Tokyo.

PIMA Savings and Loan Association advertisement for floating rate notes due 1986, collateralized, issued by Barclays de Zoete Wedd Limited, Agent Bank.

LEGAL NOTICES section containing various legal notices and court proceedings.

THE KINGDOM OF DENMARK advertisement for US\$100,000,000 Duet Bond due 1991, with details of interest and payment terms.

INCENTIVE TRAVEL advertisement for financial times survey on 26 SEPTEMBER 1989, featuring Jeremy M. Baulf.

SPAREKASSEN SDS advertisement for floating rate notes due 1993, issued by The Long-Term Credit Bank of Japan, Limited, Tokyo.

INTERNATIONAL CAPITAL MARKETS

US Treasuries narrowly mixed ahead of jobs data

By Karen Zagor in New York and Katharine Campbell in London

THE RECENT rally in the debt market ebbed yesterday, with US Treasury bonds trading in a narrowly mixed range at mid-session as the market's attention turned to Friday and the release of employment figures for July.

BENCHMARK GOVERNMENT BONDS table with columns for Coupon, Bid, Offer, Price, Change, Yield, and Weight.

GOVERNMENT BONDS

year bond was up a point at 118 1/2, yielding 7.54 per cent. The Federal Reserve arranged overnight matched sales to drain the system of liquidity when Fed funds were at 8 1/2 per cent.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Includes sections for US DOLLAR STRAIGHTS, YEN STRAIGHTS, and OTHER STRAIGHTS.

Peru places debt swap programme on hold

By Barbara Durr in Santiago

PERU'S DEBT swap programme has been put on hold indefinitely. The decision affects Midland Bank most directly, its proposal for a swap project will have to wait, along with 14 other smaller proposals.

The state development finance corporation, Corporación Financiera de Desarrollo (Cofide), which has responsibility for approving projects, was informed last week by Mr. Cesar Velasco Bazan, the Minister of Economy and Finance, that the start of the programme must be postponed.

The balance of payments problems were so grave, said Mr. Javier de Souza, international chief at Cofide, that "all remittances for companies operating in Peru have been recalled until December." Midland Bank formally presented its proposal in May, after the last details of the debt swap programme were finalised in March.

Mr. Carlos Raffo, the Minister of Industry, says he believes the association is wrong to object and suggests that the industry simply does not want additional competition.

Converted debt can be used to finance 70 per cent of local project costs and imports must be financed separately. Peru has set an annual limit on conversion of 0.5 per cent of its gross domestic product. This year, this would mean approximately \$72m to be auctioned.

Peruvian debt, which has not been regularly serviced since 1984, has traded in the market at between 5 and 8 cents to the dollar. One Salomon Brothers trader quipped that he used Peruvian debt "as an envelope stuffer" on other deals.

However, Chilean traders have recently been buying Peruvian paper for speculation. They are gambling on a rise in its price if a new Conservative government comes in next year. Chilean traders made near 30 per cent profits when they bought Argentine debt at 15 cents to the dollar and saw it rise to 20 cents to the dollar after President Carlos Menem took office and announced a dramatic economic adjustment programme.

Broker has no case to answer. A STONEY stockbroker has no case to answer on insider trading charges brought by securities authorities, a magistrate ruled, Reuters reports from Melbourne.



INTERNATIONAL CAPITAL MARKETS

Eurobonds show lack of direction

By Andrew Freeman

EUROBOND MARKETS lacked direction yesterday, with new issue business consisting mainly of targeted deals in both Europe and the Far East.

INTERNATIONAL BONDS

points against the equivalent Treasury issue. The low issue price of 99 1/2 per cent was set to allow German investors to exploit a tax break for securities priced at a discount.

The lead manager was frank about the lukewarm initial reception for the deal. It was supporting the bonds quite vigorously at less than a 10 per cent discount equivalent to full underwriting fees, for most of the morning session and said it had bought back paper from the syndicate to maintain the spread against Treasuries.

Table with columns: Country, Issuer, Amount m., Coupon %, Price, Maturity, Fees, Book runner. Includes entries for US Dollars, Canadian Dollars, and French Francs.

pricing was ungenerous, there was solid institutional demand for the paper, particularly in Germany and Switzerland where the borrower is best known as a top-quality corporate credit. The proceeds were swapped.

New-issue traders said there was some resistance to the borrower, which frequently taps the Euromarkets via its various subsidiaries. In addition, the pricing came in for criticism as giving almost nothing away to existing GMAC five-year paper.

or 18 1/2 per cent in New Zealand dollars and an equal chance of redemption in either currency. The structure is designed to leave retail investors in no doubt about the precise degree of currency risk they are assuming, while offering them a yield pick-up in either currency.

Tighter disclosure standards loom

Norma Cohen on an SIB survey of attitudes to soft commissions

British rules requiring fund managers to disclose details of their "soft" commissions are inadequate and widely ignored, according to a recent poll of market participants conducted by the Securities and Investments Board.

The survey results, which have not been released publicly, make it more likely that the SIB will propose tighter disclosure standards for soft commission arrangements in a position paper to be released this fall. Currently, firms do not need to tell clients about their arrangements as long as they promise best execution of all transactions.



David Ruder: concerned over withdrawal of services

block positioning and put it into more profitable operations such as proprietary trading and index arbitrage, neither of which add to overall market liquidity.

Mr Eisenberg said that while Goldman Sachs had not yet taken any such steps, it was considering them. "This has been a very good business for us for over 20 years and we would have to think hard about withdrawing from it," he said.

However, fewer than 25 per cent of those responding to the poll believed the practice should be outlawed completely in the UK, while an even smaller number felt the practice should be allowed to continue unchecked.

The withdrawal of services such as block positioning and the reluctance to commit capital to the market in listed stocks may be having an adverse effect on liquidity.

The withdrawal of services such as block positioning and the reluctance to commit capital to the market in listed stocks may be having an adverse effect on liquidity.

National Australia plans issue to raise A\$334.4m

By Our Financial Staff

NATIONAL AUSTRALIA Bank yesterday set a price of A\$6.00 on 55m shares to be offered worldwide.

12m shares to be offered in Japan, lead-managed by Nikko Securities.

Procedurs are for "general corporate purposes," and are also available to establish new subsidiaries or for acquisitions, if opportunities arise, the bank said.

National Australia Bank said the issue would diversify its capital base and provide liquidity in its shares in markets outside Australia.

Bullet for Swedish bank

SWEDEN'S URBAN Mortgage Bank has issued an 11.25 per cent five-year tap bond on the Swedish and Danish money markets, Reuter reports from Stockholm.

Mr Hakan Johansson, a director of the bank, said the bullet issue, available in denominations of SKr10,000, was expected to raise around SKr5m. Settlement is in five Swedish banking days.

Zurich to open sixth ring

THE ZURICH Stock Exchange is to open a sixth trading ring, probably in early October, writes John Wicks in Zurich.

This amounted to some SFr320.5bn in the first six months, or just over half the figure of SFr636.3bn for 1987, the previous peak year.

ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Group, Index No., % Change, etc. Includes sections for EQUITY GROUPS & SUB-SECTIONS, FIXED INTEREST, and ALL-SHARE INDEX.

RISES AND FALLS YESTERDAY

Table showing rises and falls in British Funds, Corporate Bonds, Financial and Properties, etc.

LONDON RECENT ISSUES

Table listing recent issues with columns for Issue, Amount, Price, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for Issue, Amount, Price, etc.

RIGHTS OFFERS

Table listing rights offers with columns for Issue, Amount, Price, etc.

TRADITIONAL OPTIONS

Table listing traditional options with columns for Issue, Amount, Price, etc.

WALES

Advertisement for Clive Radford, Financial Times, regarding a survey on Wales. Includes contact information and address.

RETAILING

Advertisement for Jonathan Wallis, Financial Times, regarding a survey on retailing. Includes contact information and address.

Opening Index 2285.5 at 10 am 2291.1, 1 pm 2300.2, Noon 2300.0, 1 pm 2301.3, 2 pm 2302.1, 3 pm 2302.4, 3.30 pm 2299.9, 4 pm 2304.3



UK COMPANY NEWS

Chairman encouraged by results and hopes £233m is last substantial provision Barclays falls 8% after Third World debt

By David Barchard

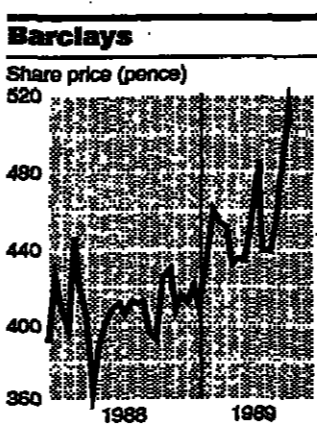
BARCLAYS, the largest of the big four UK clearing banks, yesterday announced pre-tax profits of \$360m for the six months ended June 30...

stand at \$196.53m well above the \$98.62m of a year ago. Total capital resources stood at \$3.34m (\$3.17m).



John Quinton: drop in margins hit credit card business

Barclays' credit card business was up at \$44m (€47m), despite the downturn in the mortgage markets...



Profits at Mercantile Credit, the finance house, declined to \$35m (£47m) because of higher funding costs and competitive pressures...

Wickes constructs advance to £15m

By Edward Sussman

WICKES, the DIY retailer which last September acquired the Hunter timber group for £283m, yesterday said that pre-tax profits for the six months to June 30m soared from £3.4m to £15m.

Industrial dispute holds Yorkshire Chemicals to £4m

By Graham Deller

A PROLONGED industrial dispute at Yorkshire Chemicals adversely affected profitability of the Leeds-based dyes, tanning materials and specialty chemicals manufacturer.

Revaluation of investments gives boost to Ensign shares

By Philip Coggan

SHARES IN Ensign Trust, the investment group controlled by the Merchant Navy Officers' Pension Fund, jumped 13p to 10p yesterday after the company announced a revaluation of twelve of its major unquoted investments.

of the twelve investments is £100m, compared with a cost of \$56.2m and a carried value of \$65.5m.

groups with similar listed companies and then applying an equivalent price/earnings ratio, less a discount for the lesser marketability of unquoted investments.

Sally UK extends £21m bid for Red Funnel

By Andrew Hill

SALLY UK Holdings, the Scandinavian-owned ferry operator, has extended its hostile bid for Red Funnel Group, which runs ferries between Southampton and Cowes.

Southampton company's equity was already committed to Sally's offer when it was launched at the end of June.

Border TV static as severance payments eat into profits

IN A YEAR of "considerable achievement and much reorganisation", USM-quoted Border Television has turned in record profits.

slipped to 41p (42p) but the dividend is lifted to 3p (1.7p) with a final of 1.2p.

£244,000 was taken as an extraordinary charge. The refurbished Cleaveland building is to be retained for leasing.

BARCLAYS PLC MAINTAINS MOMENTUM. Mr. John Quinton, Chairman of Barclays PLC, commenting on the results for the first half of the year 1989, said: "The performance of the Group during the first six months of 1989 represents a considerable achievement in today's highly competitive trading environment..."

Gestetner Holdings PLC Ordinary Shares. On 26th June 1989, the directors declared an interim dividend of 1.5p per share in respect of the period ending 31st October 1989, payable on 10th August 1989 to holders of Ordinary shares registered at the close of business on 13th July 1989.

NOTICE OF REDEMPTION ARDAL og SUNNDAL VERK a.s. US\$1,500,000 8½% NOTES DUE 1992. NOTICE IS HEREBY GIVEN, that pursuant to the Terms and Conditions of the Notes US\$1,500,000 principal amount of said Notes have been drawn for redemption in the presence of a Notary Public on 21st July 1989 by Hill Samuel Bank Limited.

FINANCIAL SUMMARY (UNAUDITED) Half-year ended 30.6.89 30.6.88 £m £m Profit before LDC provisions 823 642 LDC provisions\* 233 - Profit before taxation 590 642 Taxation 186 231 Profit after taxation 404 411

UK COMPANY NEWS

Saville Gordon launches £9.2m bid

By Richard Tomkins, Midlands Correspondent

J SAVILLE GORDON, the Birmingham-based property and merchanting group, yesterday announced a sharp increase in annual profits from £6.02m to £7.71m with an agreed offer for another property company.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends and other matters not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's distributions.

Table with columns: Company Name, Date, and Notes. Includes companies like British Airways, British Telecom, and British Gas.

Potential bidder materialises for MTS

By Edward Sussman

THE TROUBLES at Meat Trade Suppliers, the sausage casing supplier with appealing property interests, have taken another twist with the appearance yesterday of a potential bidder for the company.

expected to announce a reverse takeover by an undisclosed property company. It is uncertain if the reverse takeover will go through or if a battle between the two groups will erupt.

25-year business relationship that has existed between Mr Anstis and Mr Hirsch, Mr Anstis removed as chairman of Meat Trade last year.

While its securities dealing operation caught a chill in the soggy market conditions prevailing in the year to April, the group's own shares surged ahead 23 per cent to 83p, and in the three months since have already added another 34 per cent to that level.

Beazer unveils Japanese venture

By Edward Sussman

BEAZER, the construction company, has launched a venture in Japan with C Itoh, a trading company, and Sumitomo Trust & Banking, one of Japan's largest banks.

The venture, to be called Beazer (Japan), will be 90 per cent owned by Beazer, with the two Japanese companies evenly splitting the remaining stake. The company will have an initial capital value of £263,000.

Mr Matthew Thorne, Beazer investment director, said yesterday that the venture was more important for its long-term potential and the cementing of relations with its partners than for short-term gains.

EMAP takes 9% stake in The Builder Group

By Claire Pearson

EMAP, the printing and publishing company, has taken a 9 per cent stake in The Builder Group, a publisher of business periodicals concerning the building and property industries which joined the main market in June last year.

Yesterday, Mr Brian Griffin, Builder's chairman, said: "I haven't the slightest idea of what they want to do. One will have to hear what they say."

Builder, a long-established company with Building magazine at its core, also has a number of joint ventures with professional and trade bodies, notably the Royal Institution of Chartered Surveyors. In the year to end-March, it made £2.7m pre-tax on turnover of £16.5m.

Spanish move for Trafalgar

By Claire Pearson

TRAFALGAR HOUSE, the construction, property, shipping and hotels group, is expanding its engineering and construction activities in continental Europe with the formation of a joint company in Spain.

Sener, is looking to service the polymer, fine chemical, and oil and gas industries in Spain, Portugal and Latin America.

Sener, with main offices in Bilbao, is working in a number of areas of Latin American countries as well as in Spain.

Arlen dips 10% to £1.65m

CONTINUED expenditure and downturn caused by the development of a range of wall switches and sockets again proved a drain on profits at Arlen, the Berkshire-based electrical accessories group.

At the pre-tax level, profits dipped 10 per cent from £1.84m to £1.65m. Turnover rose to £18.03m (£14.96m). Earnings per 20p share worked through

at 9.3p (12.4p) and the recommended final dividend is raised to 2.2p giving 3.3p (3p) for the year.

18% growth for Northamber

NORTHAMBER, the Surrey-based supplier of computers, printers and peripheral products, announced an 18 per cent increase in pre-tax profits despite disappointing second half results that coincided with a marked slowdown in the growth of the overall personal computer market.

1989, the group lifted profits from £5.34m to £6.16m. Turnover advanced 52 per cent to £30.9m (£20.7m).

Mr David Phillips, chairman, said the new financial year had started well.

Wm Sommerville omits final

By Ray Bashford

WILLIAM SOMMERVILLE & Son, the Scottish paper group, has omitted its final dividend following a sharp fall in pre-tax profits for the year to May 31.

an offer of 720p per share, will ensure that it will come through these difficult times."

The combination of poorer trading results and a much more uncertain outlook in the marketplace, with increased pressure on margins and an extensive capital expenditure programme, leads the directors to consider that the payment of a final dividend would not be appropriate.

Dale Electric generates 41% rise to £2.4m

With most of its aims being achieved in the year to April 30 1989, Dale Electric International increased pre-tax profits by 41 per cent on turnover ahead by 30 per cent.

The group makes generating sets, aerospace ground power units and DC power systems. It started the year with a record £38m order book, standing at six months budgeted turnover, giving flexibility to concentrate on programmes that had additional profit-creation at core, reported Mr Tom McDonald, chairman.

New assault from Molins

MOLINS has again attacked the takeover bid from IEP Securities, a UK vehicle of Sir Ron Brierley, the New Zealand businessman, following its decision to extend the offer.

over 29 per cent of the capital. The offer has been extended to August 15.

UK ECONOMIC INDICATORS

Table with columns: Indicator, 1988, 1989, and % Change. Includes Industrial Production, Retail Sales, and Unemployment.

Rentaminster £9.3m buy as profits rise

RENTAMINSTER, the personnel recruitment management company which came to the Third Market in August 1988, is acquiring Sales Boosters International, involved in sales training and management systems, for a total of £9.3m.

A final dividend of 1p is proposed, making 2p for the period. Earnings amounted to 5.52p compared with 7.26p or an adjusted 4.7p.

ordinary shares at 65p, a proposed 1.35m rights issue on a one-for-three basis at 65p and an issue of £1.83m secured loan stock 1991. The offer is fully underwritten.

Hunting

The three way merger between Hunting Gibsons, Hunting Associated Industries and Hunting Petroleum Services has been declared wholly unconditional. The new group is to trade under the name Hunting.

COMPANY NEWS IN BRIEF

CANNON STREET Investments has acquired Pearl Contracts (Holdings), an engineering, manufacturing and commercial building maintenance, for an initial consideration of £440,000 cash.

EXCALIBUR PURCHASE

EXCALIBUR GROUP has acquired Hadrian International for £650,000 in cash. It is subject to downward adjustment based on completion accounts.

GEOFUND CONVERTIBLE BONDS

SICAV Luxembourg, 43, Boulevard Royal R.C. Luxembourg No B 21603

Notice of Meetings Notice is hereby given that an Extraordinary General Meeting and the General Meeting are to be held at the offices of Kredietbank S.A., Luxembourg, 43, Boulevard Royal, Luxembourg on Friday 18th August, 1989 at 2.30 p.m. and 3.00 p.m. respectively.

- 1. To amend the Articles of Incorporation including: -Amendment of Article 1 to effect the change of name of the Company to 'CB Fund International'.

SHARE STAKES

CHANGES in share stakes announced recently include: City of Oxford Investment Trust: Cliff and Partners no longer has a notifiable stake. Clarke Nickolls and Coombe London Securities completed the purchase of 3m ordinary shares (29 per cent) from Tiplink Associates Finance.

£150,000,000 Bristol & West Building Society

For the initial interest period August 2, 1989 to November 2, 1989, the rate has been determined at 12.5%. The interest payable on the relevant interest date November 2, 1989 will be £251.20 per £10,000 and £2,512.01 per £100,000 in respect of.

FINANCIAL MONEY SUPPLY M0, M1 and M3

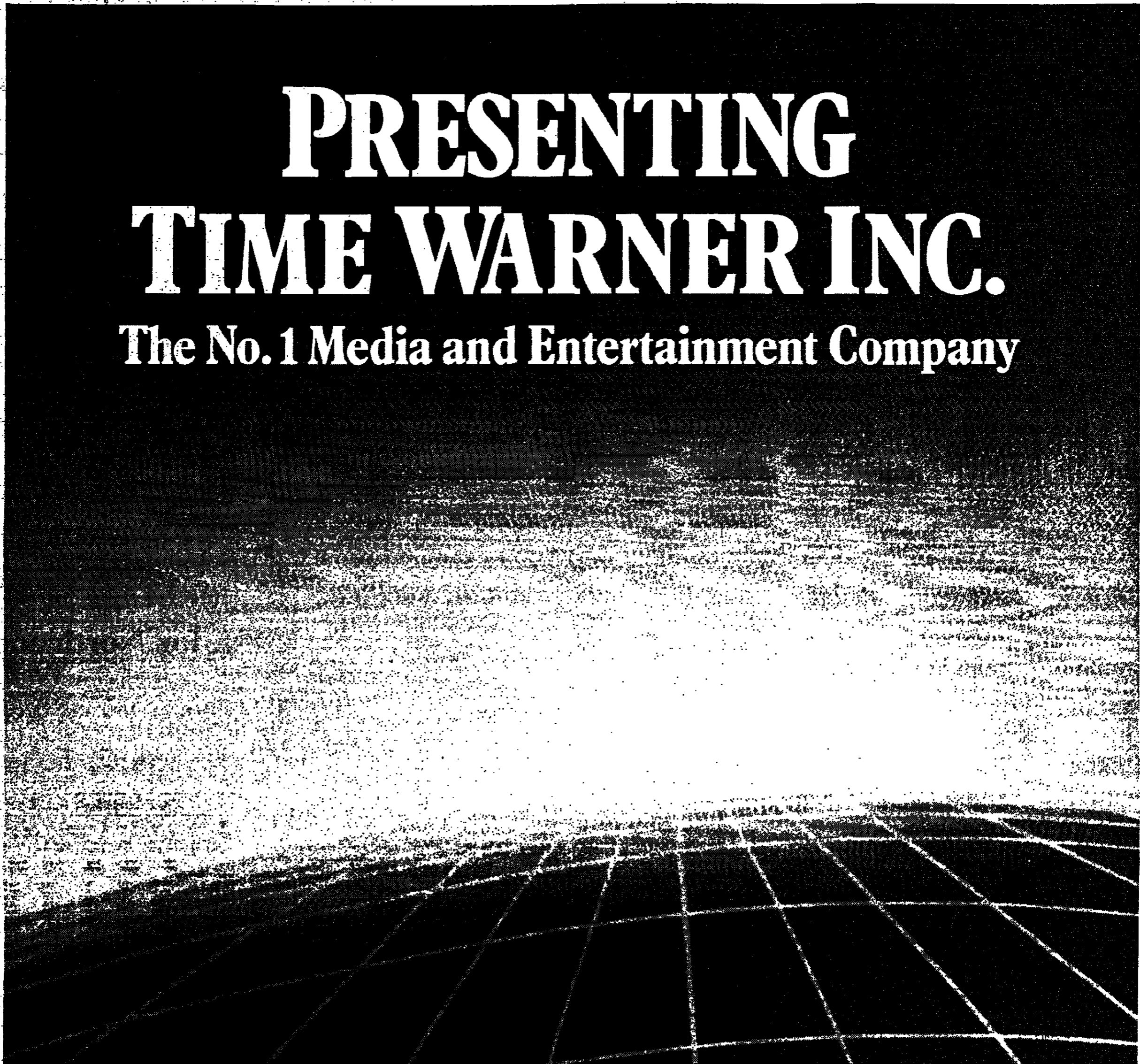
Table with columns: Month, M0, M1, M3, and % Change. Shows financial money supply data for 1988 and 1989.

RETAIL SALES

Table with columns: Month, Retail Sales, and % Change. Shows retail sales data for 1988 and 1989.

MANUFACTURING

Table with columns: Month, Manufacturing, and % Change. Shows manufacturing data for 1988 and 1989.



# PRESENTING TIME WARNER INC.

## The No. 1 Media and Entertainment Company

With the completion of Time Inc.'s tender for the majority of the common stock of Warner Communications Inc., a new company has been born—TIME WARNER INC. Two dynamic corporations with histories of distinguished achievement are now united:

- To gather, create and disseminate news, information and entertainment of the highest quality to a worldwide market.
- To build long-term value for the company's shareholders, employees, business partners and other stakeholders.
- To multiply the separate strengths of Time and Warner through synergistic initiatives on a global basis.
- To preserve our unique creative environments, which ensure continued leadership in our fields.
- To anticipate technological change and apply it to our products.

- To make a difference in the lives of TIME WARNER customers and the community at large.

From Day One TIME WARNER has the right ingredients to achieve its strategic goals. With \$25 billion of equity and debt capitalization, revenues of more than \$10 billion and annual operating cash flow of more than \$2 billion, TIME WARNER begins with impressive financial resources.

Above all, we have the leadership, the creative talent, a dedicated staff of 35,000 and the right combination of business franchises—the best in Magazines, Filmed Entertainment, Cable Television and Cable Programming, Recorded Music and Music Publishing, and Books. As the following roster indicates, TIME WARNER's major products and operations are among the world's most familiar trademarks, ranking at or near the top of their categories.

**Magazines**

Time  
Fortune  
Sports Illustrated  
Money  
People  
Life  
S.I. For Kids  
Entertainment Weekly  
Asiaweek  
Yazhou Zhoukan  
Southern Living

**Progressive Farmer**

Southern Accents  
Cooking Light  
Travel South  
Southpoint  
Parenting  
Hippocrates  
President  
Fortune France  
Fortune Italia  
Warner Publisher Services  
Time Distribution Services

**Whittle Communications**

American Family Publishers  
DC Comics  
Mad Magazine  
American Lawyer Media  
Publications

**Filmed Entertainment**

Warner Bros. Motion Pictures  
Warner Bros. Television  
Lorimar Television  
Warner Home Video

**HBO Video**

Time-Life Home Video  
Licensing Corp. of America

**Cable Television and Cable Programming**

American Television and Communications  
Warner Cable Communications  
HBO  
Cinemax  
The Comedy Channel

**Recorded Music and Music Publishing**

Warner Bros. Records  
Reprise Records  
Atlantic Records  
ATCO Records  
Elektra/Asylum/  
Nonesuch Records  
Geffen Records  
WEA Corp.  
WEA International  
WEA Manufacturing

**Warner Special Products**

Warner/Chappell Music  
Ivy Hill Corporation  
Time-Life Music

**Books**

Time-Life Books  
Little, Brown  
Book-of-the-Month Club  
Oxmoor House  
Scout, Foresman  
Warner Books

This Is Only the Beginning. **TIME WARNER INC.**

COMMODITIES AND AGRICULTURE

EC defers milk hormone decision

By Tim Dickson in Brussels

THE highly charged debate on bovine somatotropin (BST) took a new twist yesterday when the European Commission unexpectedly shied away from formalising its position on the licensing for commercial use of the controversial milk boosting hormone.



Raymond MacSharry, EC Agriculture Commissioner, is deeply disappointed to have been deeply disappointed by the apparent change of heart by some senior Commissioners, a development which was being attributed in some quarters to persuasive last minute lobbying by the US Government.

Plans drawn up by the EC's Agriculture Commissioner Mr Raymond MacSharry for an 18-month to 2-year moratorium on the licensing of BST, on the grounds that more scientific studies were necessary, have been widely known in Brussels in recent weeks. It had been generally assumed that his Commission colleagues would endorse the proposal at their meeting yesterday - the last before the summer break.

Claims for BST 'are highly misleading'

By Bridget Bloom, Agriculture Correspondent

CLAIMS by its manufacturers that the new milk hormone bovine somatotropin (BST) increases milk yields without changing milk and without affecting cow health are highly misleading, a US academic believes.

Increased levels of BST in milk could induce premature growth and breast stimulation in infants and possibly promote breast cancer in adults, Professor Epstein says.

postpone for a short while a decision on whether to extend its ban on the use of BST for a further 18 months to two years to allow for further tests.

between the US and the EC. In his paper, which has been submitted to the US Food and Drug Administration, the regulatory authority for such products, Prof Epstein argues that the manufacture, sale and export of BST should be banned until a wide range of concerns on public health and veterinary safety have been posed and fully resolved.

Cocoa soars on rumours of Ivorian crop sale

By Richard Mooney

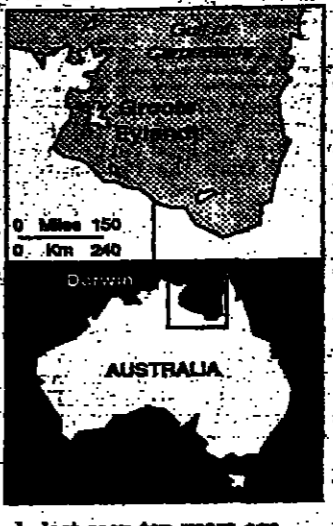
COCOA FUTURES prices leapt to the highest level since August last year yesterday as strong rumours circulated that Phillip Brothers, the big US trade house, had bought 500,000 tonnes of the Ivory Coast's 1989-90 crop.

On the London futures market, where prices had been drifting lower in recent weeks, the December position jumped to \$265 during the morning in response to expectations that a Philbro/Ivorian deal would be announced officially around midday. Prices fell back when that confirmation failed to materialise, but with market traders remaining convinced that the deal had been done the December price still closed \$22 up at \$243 a tonne.

Manganese latches onto the boom in world steel

By Chris Sherwell, recently on Groote Eylandt

AS minerals go, manganese scarcely rates a lack of glamour, but the performance of the metal has been one of the most striking of the current world steel boom.



At 60 km by 60 km, Groote Eylandt (literally, 'big island') is four times the size of Singapore, but with a minuscule fraction of its population - about 1,100 aborigines, who retain title to the land, and another 1,300 mine-related staff.

For 25 years the Groote Eylandt Mining Company (Gemco) has been methodically supplying steelmakers at home and abroad with black manganese concentrate - the key ingredient for the ferro-manganese alloys which make steel hard and durable without making it brittle.

Another significant factor behind the performance of manganese, ironically, is demand from the Soviet Union. Although a major manganese producer, its deposits are relatively low grade. In its drive for higher steel-making productivity, it is likely to use more imported manganese and this is expected to underpin the international market.

half is fines, of which there is a large but poorly defined stockpile of 400,000 tonnes. Some of this is consumed in domestic use by the Tasmanian Electro Metallurgical Company, BHP's domestic sintering and alloy company.

The overall result is that Gemco reckons it has become one of the market's key price setters in the annual negotiations between producers and consumers. It offers no fewer than 22 different product lines, and sells to customers in Japan, South Korea and Taiwan, in the Soviet Union and China, and in Europe.

Australia 'concerned' at Saudi sheep ban

By Chris Sherwell in Sydney

THE Canberra Government has expressed "deep concern" to Riyadh over an unexpected interruption to its valuable trade in live sheep with Saudi Arabia.

24. His advice was that there was no evidence of bluetongue or any other major infectious disease in the sheep.

Earlier this year BT, one of the country's best-known fund management groups, lost out to Mr Robert Holmes a Court, the Perth-based entrepreneur, in a bidding battle for the larger Sherwin Pastoral, a quoted cattle group controlled by Mr Peter Sherwin.

Traders had attributed the earlier fall to increased health-consciousness in the US, which had hit demand for bacon.

Future of gold industry's 'bible' assured

By Kenneth Gooding, Mining Correspondent

STEPS are being taken to ensure the continued publication of Consolidated Gold Fields' annual Gold Survey, the industry's statistical "bible", after Gold Fields is taken over by the Hanson group.

It is widely expected that all but a handful of the present 85 Gold Fields head office staff will lose their jobs after Han-

son moves in and this put a question mark over the gold book which has been published annually for 23 years.

change of commodities research and for the previous ten years he was with the International Wrought Copper Council, latterly as secretary-general.

LONDON MARKETS

Table with columns: Commodity, Price, Change. Includes LONDON METAL, COFFEE, SUGAR, SPOT MARKETS.

COCOA 5/tonne

Table with columns: Date, Close, Previous, High/Low. Includes COFFEE, SUGAR, RUBBER, PETROLEUM.

LONDON METAL EXCHANGE

Table with columns: Commodity, Price, Change. Includes ALUMINIUM, COPPER, ZINC, LEAD, TIN, NICKEL.

POTATOES 5/tonne

Table with columns: Date, Close, Previous, High/Low. Includes SOYABEAN MEAL, FRESH POTATOES.

US MARKETS

Table with columns: Commodity, Price, Change. Includes GOLD, SILVER, PLATINUM, COPPER, ZINC, LEAD, TIN, NICKEL.

Chicago

Table with columns: Commodity, Price, Change. Includes SOYABEAN MEAL, WHEAT, CORN, RICE.

SPOT MARKETS

Table with columns: Commodity, Price, Change. Includes CRUDE OIL, RUBBER, PETROLEUM, GOLD, SILVER, PLATINUM.

CRUDE OIL \$/barrel

Table with columns: Date, Close, Previous, High/Low. Includes RUBBER, PETROLEUM, GOLD, SILVER, PLATINUM.

SOYABEAN MEAL 5/tonne

Table with columns: Date, Close, Previous, High/Low. Includes RUBBER, PETROLEUM, GOLD, SILVER, PLATINUM.

FRESH POTATOES \$/tonne

Table with columns: Date, Close, Previous, High/Low. Includes RUBBER, PETROLEUM, GOLD, SILVER, PLATINUM.

NEW YORK

Table with columns: Commodity, Price, Change. Includes GOLD, SILVER, PLATINUM, COPPER, ZINC, LEAD, TIN, NICKEL.

COFFEE 'C' 37,000lbs/cent

Table with columns: Date, Close, Previous, High/Low. Includes RUBBER, PETROLEUM, GOLD, SILVER, PLATINUM.

SUGAR WORLD '11' 112,000 lbs/cent

Table with columns: Date, Close, Previous, High/Low. Includes RUBBER, PETROLEUM, GOLD, SILVER, PLATINUM.

£ a tonne unless otherwise stated, p-pence/kg. Aug. 1-Aug/89, 2-Aug/89, 3-Aug/89, 4-Aug/89, 5-Aug/89, 6-Aug/89, 7-Aug/89, 8-Aug/89, 9-Aug/89, 10-Aug/89, 11-Aug/89, 12-Aug/89, 13-Aug/89, 14-Aug/89, 15-Aug/89, 16-Aug/89, 17-Aug/89, 18-Aug/89, 19-Aug/89, 20-Aug/89, 21-Aug/89, 22-Aug/89, 23-Aug/89, 24-Aug/89, 25-Aug/89, 26-Aug/89, 27-Aug/89, 28-Aug/89, 29-Aug/89, 30-Aug/89, 31-Aug/89.

LONDON STOCK EXCHANGE

Late rise takes equities to 1989 peak

RENEWED takeover speculation came to the rescue of the UK stock market yesterday, helping to push the FT-SE index to a new 1989 high at the close of a somewhat erratic trading session.

The London market closed in a flurry of gains, despite an initially uncertain performance from Wall Street. Most sectors shared in the upturn, although BAT Industries, weekend firm, unsettled by reports that

market activity was not heavy, the late burst of speculative interest took the FT-SE index to 424.8m, compared with 413.5m in the previous session. Equities opened lower in the face of Wall Street's overnight fall, which itself reflected worries over recessionary pressures.

The market slipped well back from its early gain and traded fairly quietly over the lunchtime period. However, the undertone remained excitable and it was not long before speculators reappeared.

The excitement over Lucas helped fellow components suppliers T & N and B to 345p. Glynwed's 10 per cent improvement in full-year profits was not enough to please the market and the shares eased 4 to 305p.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices (Government Secs, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, Ord. Div. Yield, Earning Yld % (full), P/E Ratio (Nov/84), SEAO Bargains (5pm), Equity Turnover (m), Div. Bargains (m), Shares Traded (m), Ordinary Share Index, Hourly changes, FT-SE, Hourly changes) and rows for various dates and metrics.

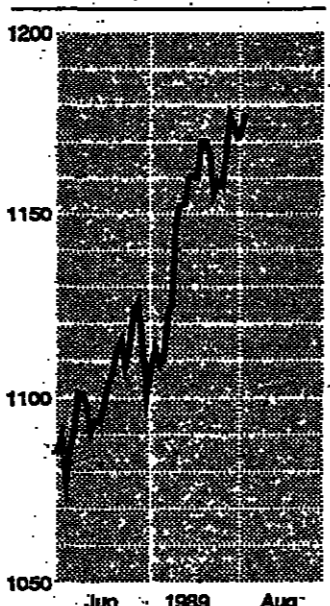
Car deal boosts Lucas

Confirmation that Lucas had concluded a components deal with West German luxury car maker BMW ended a day of see-saw price movements and erratic stories.

STC active

Revived market talk of a deal between STC and West Germany's Nixdorf triggered strong buying of STC shares. The stories gathered pace when news agencies reported that takeover speculation had boosted Nixdorf shares in Frankfurt.

FT-A All-Share Index



to get control of Plessey, moved up 5 to 276p on turnover of 5.5m, while GEC edged up 2 to 270p on 4.3m.

UB hopes

Expectation that United Biscuits (UB) is close to clinching the sale of its Wimpy and Pizzaland chains at a handsome price helped the food company's shares turn an early deficit into a 10-point gain.

UB hopes

Expectation that United Biscuits (UB) is close to clinching the sale of its Wimpy and Pizzaland chains at a handsome price helped the food company's shares turn an early deficit into a 10-point gain.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks, including columns for stock names, volume, and price changes.

Chairman of Norcros

NORCROS has appointed Mr Julian Sheffield as chairman, and as a deputy chairman in addition to his role as group chief executive.

Mr Andrew Smart

Mr Andrew Smart has been appointed managing director of the northern region of COWIE INTERLEASING.

Mr Robert J. Foster

Mr Robert J. Foster has been appointed a non-executive director of KINGSGRANGE.

Mr Robert J. Foster

Mr Robert J. Foster has been appointed a non-executive director of KINGSGRANGE.

Mr Robert J. Foster

Mr Robert J. Foster has been appointed a non-executive director of KINGSGRANGE.

BUSINESS LAW

Time beats Paramount in the Delaware courts

By Leo Herzel and Richard W. Shepro. THE TAKEOVER struggle between Time and Paramount was resolved in favour of Time on Monday 24 July, when the Delaware Supreme Court affirmed the Delaware Chancery court decision.

APPPOINTMENTS

Chairman of Norcros. NORCROS has appointed Mr Julian Sheffield as chairman, and as a deputy chairman in addition to his role as group chief executive.

Mr Robert J. Foster

Mr Robert J. Foster has been appointed a non-executive director of KINGSGRANGE.

Mr Robert J. Foster

Mr Robert J. Foster has been appointed a non-executive director of KINGSGRANGE.

Mr Robert J. Foster

Mr Robert J. Foster has been appointed a non-executive director of KINGSGRANGE.

Mr Robert J. Foster

Mr Robert J. Foster has been appointed a non-executive director of KINGSGRANGE.

1 Paramount Communications Inc. v Time Inc. (1989) 10866 (Del. Ch. 14 July 1989), affirmed orally (Del. S. Ct. 24 July 1989), opinion to follow. 2 506 A.2d 173 (Del. 1986). 3 Unocal Corporation v Mesa Petroleum Company, 493 A.2d 946 (Del. 1985).

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-223-2128

AUTHORISED UNIT TRUSTS

Abbey Unit Trst Mgrs Ltd (0200H)

Table listing various unit trusts under Abbey Unit Trst Mgrs Ltd, including details like name, unit price, and performance metrics.

Backmaster Management Co Ltd - Contd

Table listing various unit trusts under Backmaster Management Co Ltd, including details like name, unit price, and performance metrics.

Eagle Star Unit Mgrs Ltd (0200H)

Table listing various unit trusts under Eagle Star Unit Mgrs Ltd, including details like name, unit price, and performance metrics.

Global Asset Management (0200H)

Table listing various unit trusts under Global Asset Management, including details like name, unit price, and performance metrics.

Lloyds Unit Trst Mgrs Ltd - Contd

Table listing various unit trusts under Lloyds Unit Trst Mgrs Ltd, including details like name, unit price, and performance metrics.

Midland Unit Trst Mgrs Ltd - Contd

Table listing various unit trusts under Midland Unit Trst Mgrs Ltd, including details like name, unit price, and performance metrics.

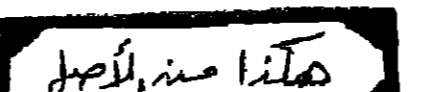
Prudential Investment Unit Trst Ltd (0200H)

Table listing various unit trusts under Prudential Investment Unit Trst Ltd, including details like name, unit price, and performance metrics.

Smith & Williamson Unit Trst Mgrs Ltd (0200H)

Table listing various unit trusts under Smith & Williamson Unit Trst Mgrs Ltd, including details like name, unit price, and performance metrics.

GUIDE TO UNIT TRUST PRICING. Text explaining unit trust pricing, including details on how prices are calculated and how to interpret the data.





FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information with columns for Unit Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-625-1228

Main table containing unit trust information with columns for Name, Offer Price, Yield, and other financial metrics. Includes sub-sections for Offshore and Overseas, Guernsey, Management Services, Luxembourg, and Switzerland.

OFFSHORE AND OVERSEAS

GUERNSEY (SIS RECOGNISED)

MANAGEMENT SERVICES

LUXEMBOURG (SIS RECOGNISED)

SWITZERLAND (SIS RECOGNISED)

GUERNSEY (\*\*)

Aspirino Lito

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts such as British Funds, Overseas Funds, and Offshore Funds with their respective performance metrics.

Table of London Share Service, including sections for British Funds, British Funds - Contd, Loans, Money Market Bank Accounts, and Money Market Trust Funds.

LONDON SHARE SERVICE

Latest Share Prices available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2126

Main table containing share prices for various sectors: AMERICANS - Contd, BUILDING, TIMBER, ROADS, DRAPERY AND STORES - Contd, ENGINEERING, INDUSTRIALS (Miscel.) - Contd, CANADIANS, ELECTRICALS, FOOD, GROCERIES, ETC, BANKS, HP & LEASING, CHEMICALS, PLASTICS, BEERS, WINES & SPIRITS, DRAPERY AND STORES, BUILDING, TIMBER, ROADS, HOTELS AND CATERERS, INDUSTRIALS (Miscel.), and INSURANCES. Each section lists company names, stock codes, and prices.

Johnnie Lito

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-825-2128

LEISURE

Table of share prices for Leisure companies including Leisure Group, Leisure International, and Leisure Leisure.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising companies including Newsprint, Printing, and Advertising.

TEXTILES - Contd

Table of share prices for Textiles companies including Textiles, Textiles International, and Textiles Group.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land companies including Trusts, Finance, and Land.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies including Oil, Gas, and Energy.

MINES - Contd

Table of share prices for Mines companies including Mines, Minerals, and Metals.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades companies including Motors, Aircraft, and Transport.

PROPERTY

Table of share prices for Property companies including Property, Real Estate, and Development.

TOBACCO

Table of share prices for Tobacco companies including Tobacco, Cigarettes, and Snuff.

TRANSPORT

Table of share prices for Transport companies including Transport, Logistics, and Shipping.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas, International, and Global.

THIRD MARKET

Table of share prices for Third Market companies including Third Market, Exchange, and Securities.

COMMERCIAL VEHICLES

Table of share prices for Commercial Vehicles companies including Commercial, Vehicles, and Transport.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies including Trusts, Finance, and Land.

FINANCE, LAND, ETC

Table of share prices for Finance, Land, Etc companies including Finance, Land, and Etc.

PLANTATIONS

Table of share prices for Plantations companies including Plantations, Rubber, and Palm Oil.

MINES

Table of share prices for Mines companies including Mines, Minerals, and Metals.

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: Alpha, Beta, Gamma.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers companies including Newspapers, Publishers, and Media.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies including Shoes, Leather, and Footwear.

SOUTH AFRICANS

Table of share prices for South Africans companies including South Africans, Africa, and Development.

OIL AND GAS

Table of share prices for Oil and Gas companies including Oil, Gas, and Energy.

FINANCE

Table of share prices for Finance companies including Finance, Banking, and Investment.

REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks including Regional, Irish, and International.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar awaits fresh guidance

THE DOLLAR closed weaker on the day but showed signs of stabilising as dealers stood back and tried to decide whether the recent fall has been too far and too fast. Background support was provided by reports that US warships are at sea and are probably heading for the Middle East. But in the absence of further developments involving the hostage situation, the US currency was still mainly influenced by economic factors. These dragged the dollar down overnight, but yesterday's economic news did not have a similar impact. The most important figure yesterday was US factory orders. These showed the expected rise of 0.4 per cent in June, recovering from a fall of 2.6 per cent in May. The scale of rise in June US home sales was something of a surprise, but had more effect on the bond market than the dollar.

about 0.2 per cent, but this would be a recovery from the May decline of 1.2 per cent and more attention is likely to be shown to Friday's employment data. It is generally forecast that the rise in July non-farm payrolls will be less than the June gain of 180,000, indicating that economic growth is slowing. A level of ¥135.50 is seen as a strong support point for the dollar. It briefly fell below that point in Tokyo, but soon bounced higher and generally remained above ¥135.00 in European trading, before closing at ¥135.10 in London compared with ¥135.70 on Tuesday. Significant support at DM1.8550 against the D-Mark was broken, but the dollar showed no sign of establishing a level below DM1.8500 yesterday. It closed at DM1.8515, against DM1.8550 previously. The dollar also fell to SFr1.5920 from SFr1.6075 and to

FINANCIAL FUTURES

US Treasury bonds retreat

A SHARPER than expected rise of 5.15 per cent in US Treasury bond futures yesterday was largely regarded as over-bought and expensive at its present level. It fell to a low of 99-28 on life, before rallying slightly to close at 100-02. One trader remarked that bond futures at the present level are as good a buy as the dollar when it stood at DM2.00 and the dollar is now about 15 pennings lower.

Short sterling futures remained quiet with trading at a modest level on life. The highest level touched by the September contract was 86.40, equal to Tuesday's close. It traded in a narrow range - showing no reaction to yesterday's announcement of a rise in July UK official reserves - and hit a low of 86.32. The contract finished at 86.38, little changed from its open level of 86.38 or the previous close.

EMS EUROPEAN CURRENCY UNIT RATES. Table with columns for currency, rate, and % change from previous close.

POUND SPOT-FORWARD AGAINST THE POUND. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

STERLING INDEX. Table with columns for time and index value.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

CURRENCY RATES. Table with columns for bank, rate, and % change.

EXCHANGE CROSS RATES. Table with columns for currency, rate, and % change.

US TREASURY BOND FUTURES. Table with columns for contract, price, and % change.

EURO CURRENCY INTEREST RATES. Table with columns for currency, term, and rate.

SHEFFIELD The Financial Times proposes to publish this survey on: 8th September 1989. For a full editorial synopsis and advertisement details, please contact: HUGH G WESTMACOTT Tel: 0532 454969 Fax: 0532 423516 or write to him at Permanent House The Headrow, Leeds LS1 8DF

GRANVILLE SPONSORED SECURITIES. Table listing various securities with columns for High/Low, Company, Price, Change, Div, and Yield.

IG INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. An AFB member. Reuters Code: IGIN, IGI0.

JOTTER PAD

CROSSWORD

Word puzzle grid with clues for across and down.

MONEY MARKETS

Longer rates firm

THE REVERSE yield curve flattened on the London money market yesterday, as the shorter periods held steady, but longer dated rates rose in reaction to the view that UK bank base rates may remain at 14 per cent for several months. Sterling's temporary dip below DM3.08 tended to reinforce suggestions that base rates will not be cut in the near future. Three-month sterling interbank was unchanged at 13 1/4-13 1/2 per cent, while one-year funds rose to 13 1/4-13 1/2 per cent from 13 1/4-13 1/2 per cent. The Bank of England initially forecast...

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies and terms.

MONEY RATES

Table showing money rates for Treasury Bills and Bonds.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

WORLD STOCK MARKETS

Main table of world stock markets including sections for Australia, Canada, Germany, Italy, Japan, New York, and various international indices.

TORONTO 2pm prices August 2. Table listing various Canadian stocks and their prices.

INDICES. Table showing major stock indices like Dow Jones, Nikkei, and others.

NEW YORK. Table listing active stocks in the New York market.

CANADA. Table listing active stocks in the Canadian market.

TOKYO - Most Active Stocks. Table listing active stocks in the Tokyo market.

NEW YORK ACTIVE STOCKS. Table listing active stocks in the New York market.

TRADING ACTIVITY. Table showing trading volume and activity for various markets.

TRAVELLING ON BUSINESS IN THE U.S. AND CANADA. Advertisement for business travel services.

TRAVELLING BY AIR ON BUSINESS. Advertisement for air travel services.

Rest assured, you'll find complimentary copies of the FT at these leading hotels... Advertisement for FT distribution.

Your FT hand delivered in Norway. Advertisement for FT delivery in Norway.

Advertisement for Financial Times, including contact information and subscription details.

3pm prices August 2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices with columns for High, Low, Stock, Div., Yld., % Chg., and Price. Includes various stock tickers and their corresponding market data.

Advertisement for 'The world's first King Size Filter cigarette' featuring a pack of Rothmans King Size cigarettes. Includes the text 'OFTEN MIMICRY NEVER EQUALLED'.

Continued on Page 41



NYSE COMPOSITE PRICES

OVER-THE-COUNTER

Nasdaq national market, 3pm prices August 2

Table of NYSE Composite Prices with columns for 12 Month High/Low, Dividend Yield, and various stock symbols and prices.

Table of Over-the-Counter prices with columns for Dividend Yield, 12 Month High/Low, and various stock symbols and prices.

AMEX COMPOSITE PRICES

3pm prices August 2

Table of AMEX Composite Prices with columns for 12 Month High/Low, Dividend Yield, and various stock symbols and prices.

Advertisement for F.T. hand delivered, featuring the text 'Have your F.T. hand delivered if you work in the business centres of COPENHAGEN OR AARHUS' and contact information for K. Mikael Heimio.

AMERICA

Recession fears allayed by bullish economic news

Wall Street

THE RELEASE of two sets of economic data, which were more bullish than expected, helped push industrial stocks narrowly higher in heavy trading, writes Karen Zagor in New York.

Midway Airlines gained 3% to \$17 1/2. The fast growing Chicago domestic airline company said it would buy two Canadian routes, aircraft, facilities, flight slots and spare parts from Eastern Air Lines for \$210m.

Siemens picked up DM4 to DM17.50 after the UK cleared the way for the electronics group, together with GEC, to make a new bid for Plessey.

EUROPE

Record highs abound as FAZ breaches 650

THE CONTINUED surge in Frankfurt took the FAZ index through another key barrier and the rest of Europe was peppered with records, writes Our Markets Staff.

As expected, the federal monopolies commission said it would approve the company's plan to take over MBB, although with certain conditions which Daimler later rejected.

Siemens picked up DM4 to DM17.50 after the UK cleared the way for the electronics group, together with GEC, to make a new bid for Plessey.

Amro Bank was up F11.40 at F194. Steel stock Hoogovens added F1.50 to F113.40 after a dull performance over the past couple of days.

during the second quarter. Midt shed FF19 to FF1.42 as profit-taking followed a good performance in the bank's Generali's collaboration plans with the Axa-Midi group.

Irish actor stars on financial stage

Kieran Cooke meets a Dublin broker who starts the day with a joke



Hugh O'Donnell (right), in 'Noonday Demons' by Peter Barnes

A TRUE story. Some time ago a German was in court in Dublin, giving evidence in a relatively minor case. He had little English.

in life is the stage. He has appeared in several productions in Ireland and overseas. Two years ago he put on a one-man show on the fringe at the Edinburgh Festival.

O'Donnell studies the script for his next play. Each year he either produces or acts in three or four productions. A rehearsal is often squeezed in at lunchtime in a nearby office.

51 per cent owned by the Dutch ABN banking group and Dublin and Amsterdam are in close contact.

Table with columns: NATIONAL AND REGIONAL MARKETS, TUESDAY AUGUST 1 1989, MONDAY JULY 31 1989, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. So. Af., World Ex. Japan, The World Index.

ASIA PACIFIC

Hesitancy leaves Nikkei barely changed

CAUTION kept a lid on buying enthusiasm, and a strong advance in early trading which pushed the Nikkei average through 35,000 for the first time could not be sustained, writes Michiko Nakamoto in Tokyo.

After opening slightly weaker, share prices moved up in early trading as broad-based buying sent the Nikkei average over 35,000 by the close of the morning.

rose Y20 to Y1,200. The company also attracted attention on the strength of the property it owns along the Tokyo Bay.

Two rising miners were CRA and Bougainville. The latter, owned as to 33.8 per cent by CRA, jumped 17 cents to A\$2.13 after a decision to begin repairing damage caused by sabotage at its copper mine in Papua New Guinea.

PETROLEOS DE PORTUGAL - PETROGAL, S.A. U.S. \$200,000,000 Eurocommercial Paper and Euro Medium Term Note Programmes. Includes logos for Citicorp Investment Bank Limited, Banco Espirito Santo e Comercial de Lisboa, Credit Suisse First Boston Limited, Daiwa Europe Limited, Merrill Lynch International Limited, Citicorp, and Citibank, N.A.